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ABSTRACT

A hearing was held to discuss the future of Project Head Start. Witnesses from corporations offered testimony supporting the strengthening of early childhood education, particularly Head Start, and urging the federal government to give increased attention to early childhood education. Subsequent testimony from experts, program directors, and participants concerned: (1) the need for increased leadership from the business community on early childhood issues; (2) aspects of program quality and the need for Head Start to accommodate itself to current demographics; (3) the costs of good programs and two examples of the way programs can be focused to increase gains from available resources; (4) several areas of concern for Head Start, including social and economic trends and conditions affecting the program; and (5) a Head Start participant's views on expansion and improvement of the program. Also included in the document is a 1988 report that provides a cost-benefit analysis of government investment in postsecondary education under the World War II GI bill. Analysts found that for every dollar the government invested in education under the GI bill, the nation received at least $5, and as many as $12.50, of benefits. These extraordinarily high ratios of benefits to costs are far above the returns earned by most other forms of investment. (RH)

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THE FUTURE OF HEAD START

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HEARING

BEFORE THE

SUBCOMMITTEE ON EDUCATION AND HEALTH

OF THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

ONE HUNDRED FIRST SESSION

SECOND SESSION

FEBRUARY 26, 1990

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THE FUTURE OF HEAD START

MONDAY, FEBRUARY 26, 1990

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON EDUCATION AND HEALTH
OF THE JOINT ECONOMIC COMMITTEE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2318, Rayburn House Office Building, Hon. James H. Scheuer (chairman of the subcommittee) presiding.

Present: Representatives Scheuer, Hawkins, and Upton.

Also present: William Buechner and John Mizroch, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, CHAIRMAN

Representative **SCHEUER**. The Subcommittee on Education and Health of the Joint Economic Committee will come to order. We're very pleased to welcome all of the witnesses to today's hearing on "The Future of Head Start." It's a particular pleasure and a privilege for me to welcome the distinguished chairman of the House Education and Labor Committee, Congressman Gus Hawkins, who has labored so long and so hard on the Head Start Program. Gus and I were serving together in 1965. It was my freshman year in Congress when the Congress passed the Elementary and Secondary Education Act of which Head Start was a noble element. And so we share a great deal of pride in the success of the program, disappointment in the fact that it hasn't really been institutionalized in our American education system, but great hope for the future.

I'd like to call on Chairman Hawkins for a statement, and express my gratitude and appreciation that he's attending this hearing.

OPENING STATEMENT OF REPRESENTATIVE HAWKINS

Representative **HAWKINS**. Let me in turn congratulate the chairman. I'm here I think for the same reason that you are and I well recall the background beginning in 1965 that you and I participated in. Also, a very warm recollection of the so-called Scheuer amendments that you authored then. I don't know what became of them but you were way ahead of your time.

Let me simply say, because I think you have a wonderful list of witnesses and look forward to hearing from them, that the Head Start bill is currently being drafted in the subcommittee of the House Education and Labor Committee so I would hope that many of the ideas that are expressed today will find their way into the drafting of that bill by Congressman Kildee of Michigan. So that your hearings, I think, are very relevant and timely and I certainly look forward to having your participation with the Education and Labor Committee for the actual drafting of the future of Head Start. In a way, it's in our hands now, and I hope we certainly do a responsible job.

Thank you very much.

Representative SCHEUER. Well, thank you very much, Mr. Chairman. We've worked very closely with Dale Kildee over the past several years. Hopefully he'll be at this hearing this morning, at least on an in-and-out basis, because I know he has some other things to do. The work that you are doing with Chairman Kildee has a great impact for the future of this country, great significance for the future of the quality of life in America, the competitiveness of the American economy, the ability to avoid and cease this growing subgroup in our midst of kids who can't read and write and count who are a burden on the society, a burden on their communities, a burden on their parents, but most of all, a burden on themselves inasmuch as they're not fulfilling their own full potential for growth and creativity and accomplishment.

So I want to pay tribute to you and to Dale Kildee for probably the most significant effort that this Congress will make. All of us know the state of underachievement of our kids. We're familiar with the fact that they can't compete with the kids, the high school kids, of virtually any of the industrialized countries of Europe with only one or two exceptions, or with the performance and accomplishments of kids in Asia, not only in Japan, but in Hong Kong, Singapore, South Korea, Malaysia, and Taiwan—they can't begin to compete with those kids.

That doesn't mean that our best is not good but it means that, on average, we don't compete. We especially don't compete with kids who come from disadvantaged homes, with kids whose parents have not taught them by age 3 or 4 or 5 how to tell time, how to tell the days of the week, how to count, how to distinguish silk from wool. These are the kids who are in urgent education risk when they first come to the schoolhouse doors in kindergarten or first grade. We have found from experience that, if we don't give these kids an enriched preschool education experience, they are almost mathematically predestined to failure. If we don't help them play catchup ball in learning the skills and the knowledge that they didn't get at home, when they come to school and compete with middle-class kids, when they come to school and try and absorb a curriculum that is designed for middle-class kids, the frustration, the anger, the disappointment, the sense of inadequacy really has a traumatic effect on these kids. And there's an overwhelming, almost mathematically predictable tendency for them to fail.

Now, this hearing this morning is for the purpose of measuring the impact of this problem on American society, and the need in society and in our business community most especially for a trained, talented, productive, competitive, educated work force.

This is the Joint Economic Committee and we're not supposed to think a great deal about compassion and concern for individual human values and so forth. We're supposed to look at the bottom line, the bucks. What does it mean to the strength and integrity of our society to have an educated work force, and does the Head Start Program for kids at urgent education risk play a meaningful role? What are the considerations that drive us to think about this?

We're talking about expenditures of $5 to $10 billion a year to fully fund Head Start for 3-year-olds, 4-year-olds, and 5-year-olds. The administration tells us that their proposed $500 million will fund 70 percent of the 4-year-olds. Is this the length and breadth of our Head Start need? Should we be including 3-year-olds in a Head Start Program? Should we feel that by the time a kid gets to be 5 years old that the 3 or 4 hours he or she may get in a kindergarten is enough, or is a longer program, a more enriched program than the kindergarten program considered necessary?

We're looking to the first panel for guidance as to the economic needs of our society to be productive and competitive, the economic needs of our corporations. Are they changing, are more sophisticated skills necessary? How about the mismatch of skills that we hear about in New York City? Mr. Doyle, I expect to talk to you about that. How does our society meet the education needs of the considerable percentage of the kids in our schools who seemingly can't make it and are almost, as I said, mathematically predestined to failure? This is the subject, a challenging subject, an exciting subject, it's a terribly critical subject for America to consider and to consider very fast.

We're having this hearing in the shadow of the meeting of the Education Task Force of the National Association of Governors. And in yesterday's Washington Post—I suggest to you that this hearing is very timely—"Governors' Panel Urges Full Funding of Head Start" is the large headline in the Washington Post.

All right, let's get on with today's witness list.

We are fortunate in having two outstanding witnesses in our panel of corporate witnesses, Mr. Frank Doyle and Mr. William Kolberg. Mr. Frank Doyle is senior vice president of General Electric Co.'s corporate relations with responsibility for employee relations, government relations, public relations, and corporate medical services. He chaired the Committee for Economic Development's study on work and change and was a member of the Secretary of Labor's task force on worker dislocation.

Mr. William Kolberg, who will be our second witness, was elected president of the National Alliance of Business in 1980. Prior to that, he was vice president for public affairs of Union Camp Corp. and consultant to the Business Roundtable. He's the author of a book, "Preparing Manpower Legislation," and editor of the "Dislocated Worker," a book compiled from the proceedings of the National Conference on the Dislocated Worker.

We're happy to have you both. We'll ask questions after you both finish. But, Chairman Hawkins, I don't know how limited your time is and how much you can spend with us. But if you care to interject and ask a question during the witnesses' statements, please feel free to do so.

Representative **Hawkins**. Well, I hope to stay all the way through.

Representative **Scheuer**. Oh, wonderful.

Representative **Hawkins**. And my good friends, Mr. Doyle and Mr. Kolberg, I certainly look forward to hearing your testimony. I've identified with them in many other activities and I certainly support the views that you have expressed with respect to the two witnesses.

Representative **Scheuer**. Good.

All right, then, we'll hear both of you and then we'll have some questions to ask. So each of you take approximately 10 minutes, and then we'll have plenty of time to ask questions.

Our first witness is Mr. Frank Doyle.

STATEMENT OF FRANK P. DOYLE, SENIOR VICE PRESIDENT, GENERAL ELECTRIC CO., AND MEMBER, BOARD OF TRUSTEES, COMMITTEE FOR ECONOMIC DEVELOPMENT

Mr. **Doyle**. Thank you, Mr. Chairman. It's my privilege to testify this morning in support of strengthening early childhood education programs, particularly Head Start. And in this regard, I will speak both in my capacity as senior vice president of GE but also as a trustee for the Committee for Economic Development.

Before turning to some specific recommendations on Head Start developed by CED, I want to begin with a few observations based on our experience at GE that explain my interest in the issue.

Most people would like to think that a company like GE is more likely to be on Capitol Hill testifying on behalf of incentives for capital formation and investment, R&D, or other initiatives more obviously linked to the competitiveness of U.S. companies and the American economy. But the quality of childhood education in America is more than an issue of philanthropy and corporate responsibility for us, although it is certainly that: it is also an issue of productivity and profitability in a rapidly changing competitive world. There is little that we at GE can do—on or off the factory floor, in our core manufacturing, high technology or diverse service businesses—with employees who cannot read or write or count or who are unable to learn. And the sad truth is that we encounter prospective employees who arrive at the workplace unable to learn and unable to be trained, partly because of the failure of our institutions to intervene early and effectively.

We spend hundreds of millions of dollars every year on training in GE and retraining our current work forces of almost 300,000 people. But the effectiveness of those efforts depends, in large part, on the quality of education these employees experienced before they joined us.

Despite corporate America's reputation for short-term thinking and investing, we get paid to balance short-term and long-term demands. Investing money, both public and private, in education—from early childhood education right through constant training and retraining for mature workers—is the kind of balance we should be paid to make. The private sector spends over $20 billion—directly or indirectly—on education and training every year.

I believe that Head Start is just the kind of short- and long-term investment that is government at its responsible best. Above all, high quality preschool programs have been shown to save future social costs. For example, every $1 invested in high quality preschool programs can save up to $6 by reducing the costs associated with remedial education, welfare, crime, emergency health care, and teen pregnancy. Every class of dropouts—700,000 every year—represents $240 billion from society over the course of their lifetimes in the form of wages not earned and taxes not paid.

But the benefits of Head Start go way beyond the cost savings. In our policy statement, "Children in Need," CED research has also demonstrated a critical link between early intervention and lifelong achievement among our society's most disadvantaged young people. We concluded that to succeed in helping children at risk, we must respond to the needs of the whole child extending through this life cycle from prenatal care to adulthood. We must intervene early and then sustain the investment.

So Head Start is an investment decision, and an easy one at that. It's smarter to attack the causes now than pay for the consequences later. But if Head Start should be an easy investment decision, a failure to support it fully will have harder consequences than ever before. Just as there is a life cycle of personal and educational development that extends from prenatal care to postgraduate training, so too is there a sinister social scenario that we will have to take steps to avoid.

When schools fail to foster basic skills—and the equally fundamental ability to learn—they defeat the possibility of lifelong learning. When technology and foreign competition continue to raise standards of performance and skill expected of Americans, those people without basic skills will not be able to reach even the first rung of the value ladder. When the GE's, the GM's, the AT&T's, and the USX's of America no longer have low-skilled, low value-added jobs—because they have adjusted to a high skill, high value-added global competitive world—those left out will be locked out of the great American middle class. And every time that happens, it is a tragedy for America.

Fortunately, it is within our power to avert that scenario. We know that the world changed dramatically over the eighties. Therefore, our policy premises should change for the nineties. Let's not base nineties policies on seventies premises. Let's not be generals preparing to fight the last war.

For the most of this century our prevailing premise was that the people were there for the jobs; it was up to the private sector and to public policy to generate the jobs for the people. The available labor pool was large enough and unskilled manual labor and low-skilled manufacturing jobs were plentiful and well paid, enough to absorb without higher level skills. There were good jobs at good wages for Americans with little education and few skills.

But just as we were winning that battle, the battlefield changed. With globalizaton, the globalization of markets, products, companies and economies, the American economy is approaching the point where the major challenge won't be generating jobs for our people but equipping our people for the jobs. Now I must say that our industrial economy is already generating more jobs than we have people with the skills to fill them.

Unfortunately, the United States does not have the luxury to work out its problem in isolation as the world waits. Globalization means that European, Japanese, or American based global companies will take the high value-added work where the high value-added workers are. Some of those high value-added workers are also in plentiful supply in other nations. That's why financial back office operations are springing up in Ireland and India, and that's why Eastern Europe is being scoured for new investment prospects. And although wage costs are declining as a competitive factor as wage rates rise in the Asian newly industrialized countries and flatten among the regions of the United States and member nations of the EEC, the availability of skilled labor will become an even more critical situation.

Globalization is one way the competitive world is being transformed; an approaching demographic crunch is another. Recently, I've been cochairing a CED subcommittee focusing on future demographic shifts and their impact on our ability to maintain a competitive work force. For example, we already know that current trends predict an increasing shortage of available workers, even assuming they are educationally prepared. It has been even predicted that by the year 2010, the job supply shortage could reach as high as 23 million jobs found wanting for lack of qualified and available candidates.

That means a competitive America, let alone a compassionate America, will need every trained mind and every pair of skilled hands. But the appalling fact is that one in five of our teenage children and younger live in poverty and one in four children under the age of 6 live in poverty. These children account for most of the more than one-third of the Nation's children who will eventually grow up with few, if any, employable skills. These statistics reveal wasted human potential and represent lost opportunities for our nation, especially when America's competitiveness depends on tapping the talents of all our people.

I'm a convinced optimist, so it's painful to concede that there are serious reasons to be pessimistic. The facts of demographic change and global competition are implacable. To the extent they converge—and I believe they do—the combination threatens the fundamental expectations of American society, the expectation that the future will always be better. America's historic economic power, I believe, has been based on our people power. We are a flexible, adaptable, even agile society; we're an economy of motivated, mobile, talented, and trainable people. American workers like to change occupations, employers, and jobs; and they do change, update, and transform their skills. They do both more easily and effectively than any workers in the world. This adaptability of Americans may be America's innate, historic strength. But without investment in education, especially in early childhood education, American adaptability and American economic prosperity threaten to become American history.

Head Start is the best starting point we have to invest in the kind of American future we want. The program currently reaches less than 20 percent of the eligible children, children mostly 3 and 4 years old who live in families whose incomes are below the Federal poverty level. Tragically, access to Head Start has not kept up as the poverty rate for children has increased 31 percent in the last 8 years. These are shocking facts, and the case for urgent action is overwhelming.

The likelihood that Head Start will receive substantial increases in funding for the next year is encouraging. The $500 million proposed by President Bush is a positive step in the right direction, which I wholeheartedly endorse. It's a promising demonstration of what Head Start truly deserves: presidential leadership. But we need to make an even greater and larger commitment to the future, the very near future. Head Start should be expanded so that every poor child who needs its comprehensive approach can benefit from it.

Among CED's recommendations in our policy statement, "Children in Need," is full funding of Head Start so that all eligible 3- and 4-year-olds can have the chance to participate in the program. Head Start was originally designed to enroll all poor children up to the age of 5 who are not already in school. Therefore, we should not neglect the 30 percent of 5-year-olds from poor families not currently enrolled in kindergarten programs. Therefore, I support full funding for eligible 3- to 5-year-olds by the end of 1994, the approach embodied by legislation introduced this week by Representative Kildee and yourself, and by Senators Dodd and Kennedy in the Senate.

It is important, however, that the additional funds are not solely earmarked to create additional half-day program slots for 4-year-olds. Some of these new funds should be constructively spent on increasing salaries and benefits, improving staff training and upgrading facilities. Head Start has not always had the resources necessary to assure quality, partly explaining why program graduates do not fare as well over the long term as they otherwise might. It is imperative that as Head Start is reauthorized and additional money appropriated, that as much emphasis is paid to raising quality as to broadening access.

Let me conclude by emphasizing that investment in education is government at its best and most needed. When it's done right, early investment in education is the best investment of all. We can no longer tolerate, either as a compassionate society or as a competitive society, a short cycle by which our children are being rendered ineligible for productive participation in our future workplaces by the age of 10, if not 5. We cannot wait and they cannot wait.

Thank you.

[The prepared statement of Mr. Doyle follows:]

PREPARED STATEMENT OF FRANK P. DOYLE

MR. CHAIRMAN:

It is a privilege to testify this morning in support of strengthening early childhood education programs, particularly Head Start. I am speaking both in my capacity as Senior Vice President for Corporate Relations for General Electric, and as a trustee of the Committee for Economic Development. Before turning to some specific recommendations on Head Start developed by CED, I want to begin with a few observations based on our experience at GE that explain my interest in the issue.

Most people would think that a company like GE is more likely to be on Capitol Hill testifying on behalf of incentives for capital formation and investment, R&D or other initiatives more obviously linked to the competitiveness of American companies and the American economy. But an interesting development of the past several years is that Head Start and other early childhood education programs are viewed as competitiveness issues of increasingly vital interest to business.

The quality of childhood education in American is more than an issue of philanthropy and corporate responsibility for us, although it certainly is that: it is also an issue of productivity and profitability in a rapidly changing competitive world.

There is little we at GE can do-- on or off the factory floor, in our core manufacturing, high technology or diverse service businesses-- with employees who cannot read or write or count or who are either unwilling or unable to learn.

The sad truth is that we encounter prospective employees who arrive at the workplace unable to learn and unable to be trained, partly because of the failure of our institutions to intervene early and effectively. Our success at GE absolutely depends on our ability to find, hire and retain new workers who are both ready to work and easy to train; our workers must not only be prepared for change, but be prepared to keep changing as technologies evolve. That requires hiring people who are not only verbally and mathematically literate-- with analytical ability and disciplined work habits-- but who are also able to learn and learn quickly.

As we invested heavily in product and process technology at GE in the Eighties, we invested in our people at the same time so they could adapt to these new technologies. We expanded our training and retraining efforts as it became essential for our workers to learn new and more complex skills, from computerized quality control to plant floor management.

We spend hundreds of millions of dollars every year at GE on training and retraining our current work forces of almost 300,000 people. But the effectiveness of those efforts depends, in large part, on the quality of education.

My work with the CED has reinforced this view, especially my role in writing a policy statement (entitled Work & Change) focusing on worker dislocation and adjustment. That CED study considered education from the unusual perspective of plant closings and large layoffs caused by grinding competitive change. It demonstrated that the single most important factor in shortening the time it takes for a displaced worker to find a new job was level of education. Education, we learned, is both a worker's best defense against sustained unemployment and a worker's best offense as technologies and workplaces change. Educated workers are adaptable workers.

More recently I have been chairing a CED Subcommittee focusing on future demographic shifts and their impact on our ability to maintain a competitive work force. For example, we already know that current trends predict an increasing shortage of available workers, even assuming they are educationally prepared. The U.S. labor force grew at an annual rate of 2.7% in the Seventies; that rate will be down to barely over 1% across the next decade. It has even been predicted that by the year 2010, the job supply shortage may reach as high as 23 million jobs found wanting for lack of qualified and available candidates.

That means that a competitive America-- let alone a compassionate America-- will need every trained mind and every pair of skilled hands. But the appalling fact is that 1-in-5 of our teenage children and younger live in poverty-- and 1-in-4 children under the age of 6-- live in poverty. These children account for most of the more than one-third of the nation's children who eventually grow up with few, if any, employable skills. These statistics reveal wasted human potential and represent lost opportunities for our nation... especially when America's competitiveness depends on tapping the talents of all our people. To do that, we must attack the mismatch between people and skills right at the source.

For these reasons, CED chose to focus attention on educationally disadvantaged children. I believe that the resulting policy statement, Children in Need: Investment Strategies for the Educationally Disadvantaged, has alerted business leaders and policymakers to the advantages of early investment in education for the disadvantaged.

The CED research has also demonstrated a critical link between early intervention and life-long achievement among our society's most disadvantaged young people. We concluded that to succeed in helping children at risk, we must respond to the needs of the whole child, extending through this "life cycle" from prenatal care through adulthood. We must intervene early, and then sustain the investment.

Despite Corporate America's reputation for short-term thinking and investing, we get paid to balance short-term and the long-term demands. Investing money, both public and private, in education-- from early childhood education right through constant training and retraining for mature workers-- is the kind of balance we should be paid to make. The private sector spends over $20 billion-- directly and indirectly-- on education and training every year.

I believe that Head Start is just the kind of short and long-term investment that is government at its responsible best. Above all, high quality preschool programs have been shown to save future social costs:

- Every $1 invested in high quality preschool programs can save up to $6 by reducing the costs associated with remedial education, welfare, crime, emergency health care, and teen pregnancy.

- Every year we delay breaking the cycle of failure, society must spend $16.6 billion on the children of teenagers who cannot support their families.

- Every class of dropouts -- 700,000 every year -- represents $240 billion from society over the course of their lifetimes in the form of wages not earned and taxes not paid.

- Every year a child must repeat a grade costs $4,000, and by ninth grade, about 50% of students have flunked at least one grade.

But the benefits of Head Start go way beyond the cost savings. Graduates of the program are more likely to further their education, gain employment, and become productive members of society.

So Head Start is an investment decision... and an easy one at that: it's smarter to attack the causes now than pay for the consequences later. But if Head Start should be an easy investment decision, a failure to support it fully will have harder consequences than ever before.

Those who are falling further and further behind are mostly the poor, members of minority groups, and children growing up in single-parent homes. In the past, maybe we could afford economically-- though never morally-- to ignore their problems. The available labor pool was large enough-- and unskilled manual labor and low-skilled manufacturing jobs were plentiful and well-paid enough-- to absorb those without higher-level skills. There were good jobs at good wages for Americans with little education and few skills.

For most of this century, our prevailing premise was that the people were there for the jobs: it was up to the private sector and to public policy to generate the jobs for the people. But just as we were winning that battle, the battlefield changed.

With globalization-- the globalization of markets, products, companies and economies-- the American economy is approaching the point where the major challenge won't be generating jobs for our people, but equipping our people for the jobs.

I have watched for several decades the debate on the issue of job generation. Spending public funds on economic development was an appropriate thrust, and there is a need to continue to target assistance to our minority communities. But I have to say now that our industrial economy is already generating more jobs than we have people with the skills to fill them.

Unfortunately, the U.S. does not have the luxury to work out its problems in isolation as the world waits: globalization means that European, Japanese or American-based global companies will take the high-value-added work to where the high-value-added workers are. Some of those high-value-added workers are also in plentiful supply in other nations: that's why financial back-office operations are springing up in Ireland and India; that's why Eastern Europe is being scoured for new investment prospects. And although wage costs are declining as a competitive factor as wage rates rise in the Asian NICs-- and flatten among regions of the U.S. and member nations of the EC-- the availability of skilled labor will become an even more critical consideration.

But the crucial point is that whatever the current disparities, high wages and high standards of living follow high-value-added work and workers. Moreover, with the demographic crunch that our data already anticipates, a majority of the people who will have to be equipped in the very near future will be those who we've done the least to equip in the past.

As a convinced optimist, it is painful to concede that there are serious reasons to be pessimistic; the facts of demographic change and global competition are implacable. To the extent they converge-- and I believe they do-- the combination threatens the fundamental expectation of American society: the expectation that the future will always be better.

Just as there is a "life cycle" of personal and educational development that extends from prenatal care to postgraduate training, so too there is a sinister social scenario that we will have to take steps to avoid.

When schools fail to foster basic skills-- and the equally fundamental ability to learn-- they defeat the possibility of lifelong learning. When technology and foreign competition continue to raise standards of performance and skill expected of Americans, those people without basic skills will not be able to reach even the first rung of the value ladder. When the GEs and GMs and AT&Ts and USXs of America no longer have low-skill, low-value-added jobs-- because they have adjusted to a high-skill, high-value-added global competitive world-- those left out will be locked out of the great American middle class. And every time that happens, it is a tragedy for America.

Fortunately, it is within our power to avert that scenario.

We know that the world changed dramatically over the Eighties. Therefore, our policy premises should change for the Nineties. Let's not base Nineties policies on Seventies premises; let's not be generals preparing to fight the last war.

The challenge plays to America's historic strengths. We are a flexible, adaptable, even agile society; we are an economy of motivated, mobile, talented and trainable people. American workers like to change occupations, employers and jobs; they like to change, update and transform their skills; they do both more easily and effectively than any other workers in the world. This adaptability of Americans may be America's innate, historic strength. But without investment in education-- especially in early childhood education-- American adaptability and American economic prosperity threaten to become American history.

Head Start is the best starting point we have to invest in the kind of American future we want. The program currently reaches less than 20% of eligible children, children mostly 3 and 4 years old who live in families whose incomes are below the federal poverty line. Tragically, access to Head Start has not kept up as the poverty rate for children has increased by 31% in the last eight years.

These are shocking facts. The case for urgent action is overwhelming.

The likelihood that Head Start will receive substantial increases in funding for next year is encouraging. The $500 million proposed by President Bush for FY '91 is a positive step in the right direction which I wholeheartedly endorse. It is a promising demonstration of what Head Start truly deserves: presidential leadership.

But we need to make an even larger commitment for the future... the very near future. Head Start should be expanded so that every poor child who needs its comprehensive approach can benefit from it. Among CED's recommendations in Children In Need is full funding of Head Start so that all eligible three and four-year olds can have the chance to participate in the program. Head Start was originally designed to enroll all poor children up to the age of 5 who are not already in school. Therefore, we should not neglect the 30% of five year-olds from poor families not currently enrolled in kindergarten programs.

Therefore, I support full funding for all eligible three to five year-olds by the end of 1994... the approach embodied by legislation being introduced this week by Representatives Kildee and Scheuer in the House and by Senators Dodd and Kennedy in the Senate.

It is important, however, that the additional funds are not solely earmarked to create additional half-day program slots for 4 year-olds. Some of these new funds should be constructively spent on increasing salaries and benefits, improving staff training and upgrading facilities. The promising results of such programs as the Perry Preschool Project and the Harlem Head Start Study derived from their intensity, comprehensiveness, and high quality.

Unfortunately, not every Head Start program lives up to these high standards. Head Start has not always had the resources necessary to assure quality, partly explaining why program graduates do not fare as well over the long term as they otherwise might. It is imperative that as Head Start is reauthorized and additional money appropriated, as much emphasis is paid to raising quality as to broadening access.

For example, integration of support services that poor families and children need is a hallmark of the best Head Start programs. The program design of Senator Kennedy's Smart Start proposal provides a useful model for strengthening the integration of human services with Head Start.

Let me conclude by emphasizing that investment in education is government at its best and most needed... when it's done right. When it's done right... investing early in education is the best investment of all.

We can no longer tolerate-- either as a compassionate society or as a competitive economy-- a short cycle by which our children are being rendered ineligible for productive participation in our future workplaces by the age of ten, if not five. We cannot wait; they cannot wait.

But if we could snap our fingers to find expanded and improved Head Start programs in full operation tomorrow... the first class of high school seniors that will have benefited will not be graduating until the year 2004.

Let us hope that is not too late... and let us act now before it is.

Representative SCHEUER. Well, thank you very, very much Mr. Doyle. That was a very thoughtful and stimulating statement.

Now we'll hear for 10 minutes from Mr. William Kolberg.

STATEMENT OF WILLIAM H. KOLBERG, PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

Mr. KOLBERG. Congressman Scheuer, it's——

Representative SCHEUER. Excuse me, Mr. Kolberg. Let me say that we've been joined by Congressman Fred Upton of the State of Michigan. We're delighted to have you, Fred.

Mr. KOLBERG. Mr. Scheuer, it's a personal pleasure to appear again before you and an additional pleasure to appear again before Chairman Hawkins. In one way or another, the three of us have been involved in this city for the last quarter century on these programs in very different jobs, at least in my case. But it's always a delight and it is a tribute to both of you that here you are this morning prepared to spend a morning again on human resource development.

The National Alliance of Business has followed closely the work of our business colleagues at CED on early intervention strategies and their impact on childhood development. It's a pleasure to join with them, and particularly with Frank Doyle this morning, in urging greater attention by the Federal Government to this critical component of economic and social policy.

CED has certainly provided the leadership within the business community on this issue, beginning with their reports entitled "Children in Need" and "Investing in Our Children." CED has certainly succeeded in educating the business community and the general public about the importance of preschool education and health care, but also has argued convincingly for pursuing in general a strategy of prevention in public policy.

We recognize how critical early childhood education can be. It has a direct impact on social skills, educational achievement, and self-esteem. We at the Alliance see investments, and I underline "investments," in early childhood programs, like Head Start, as an important weapon in the fight against the problems of school dropouts, drug abuse, crime, and teenage pregnancy. The dollars are well spent, if we can make headway on the problems that seem to plague at-risk youth. It has the potential, over the long term, of allowing us to redirect limited Federal dollars that otherwise might have to be spent on second chance systems like the Job Training Partnership Act to repair the damage that could have been prevented.

Mr. Chairman, the last time I appeared before your subcommittee, I talked about the recent founding of the Business Coalition for Education Reform. And since that time, the leaders of that coalition have had a chance to meet with Chairman Hawkins, also. I cochair that group along with Bob Holland who is the cochairman and president of CED. The 10 organizations that have joined together are the American Business Conference, the Black Business Council, the Business Roundtable, the Chamber of Commerce of the United States, the Committee for Economic Development, the Conference Board, the National Alliance of Business, the National Association of Manufacturers, and the U.S. Hispanic Chamber of Commerce.

Mr. Chairman, the fact that all these business organizations have come together and made a long-term commitment to work on what have become national issues of educational quality and achievement demonstrates the urgency that we in the business community attach to preparing people to take full advantage of life's opportunities in this society.

As a part of our initial statement, Mr. Chairman, in announcing the coalition, one of the specific points, and I quote, said:

> We believe that investment in early prevention and intervention strategies to help children at risk become ready for school and to help their parents become better skilled at supporting their education needs are imperative. We need to financially support programs that focus on preschool education such as Head Start and prenatal care for poor women. We recognize that there is a budget crisis. However, our goal must be to find the necessary resources to support these kinds of programs, such as Head Start, and move toward full funding certainly by the year 2000.

Representative SCHEUER. Mr. Kolberg, I can tell you that we may do a little better than that, hopefully. The bill that Chairman Hawkins and Chairman Kildee and I are supporting will provide full funding for Head Start by 1994.

Mr. KOLBERG. I'm delighted to hear that, Mr. Chairman.

Mr. Chairman, you mentioned in your opening statement that the Governors are in town and are working on the national goals for education that the President announced in his State of the Union Address. One of those goals, as you will remember, stated that by the year 2000, all children in America will start school ready to learn. In their action, yesterday, the Governors unanimously approved that goal.

And if I may, I'd like to quote from their statement. They added three objectives to that goal that I believe are pertinent to the hearing this morning, and I quote:

The first objective would be:

> All disadvantaged and disabled children will have access to high quality and developmentally appropriate preschool programs that help them prepare children for school.

The second objective:

> Every parent in America will be a child's first teacher and devote time each day helping his or her preschool child learn. Parents will have access to the training and support they need.

And objective three:

> Children will receive the nutrition and health care needed to arrive at school with healthy minds and healthy bodies. And the number of low birth weight babies will be significantly reduced through enhanced prenatal health systems.

Mr. Chairman, I believe that we could all applaud the Governors and the President for not only the goal but the objectives and it sets in train as far as we in the business community are concerned, a terribly important effort nationally to get our nation and every parent to understand the goals, to buy into the goals, and then in all 50 States and all 16,000 school districts, see to it that in fact by the year 2000, these goals are met.

We at the National Alliance of Business are very pleased that the President has requested a $500 million increase for Head Start. We fully support this recommendation. However, we'd like to put it in context; it represents an important first step but only a first step. The current appropriation for fiscal year 1990 is about $1.4 billion for Head Start. Mr. Chairman, you have said you want to move to full funding. To fully fund, according to the figures that we have available to us, it would take an appropriation of $6 to $7 billion. That represents a very substantial investment by anyone's measure. I'm sure it would be an issue for Congress in the current fiscal environment. However, the increases can come gradually and certainly must come as quickly as they possibly can.

The Federal Government got into Head Start 25 years ago as a part of the war on poverty, as we all remember. However, I think it is fair to say that at that time there was no careful review of whether the Federal Government should assume that part of education and assume it entirely. Mr. Chairman, we have a feeling that over time, this area of Head Start, early childhood education, health prevention, et cetera, should be a shared responsibility. There's nothing that says the Federal Government by accident moving into this should continue in perpetuity to fund this entire activity.

If I may again quote from yesterday's report from the Governors that was unanimously approved, in speaking to this point, they said, and this is on page 6, and I quote:

> In preparing young people to start school, both the Federal and State Governments have important roles to play, especially with regard to health, nutrition, and early childhood development.

And then I quote a little later in that same statement:

> The Federal Government should work with the States to develop and fully fund early intervention strategies for children. All eligible children should have access to Head Start, Chapter One, or some other successful preschool program with strong parental involvement. Our first priority must be to provide at least 1 year of preschool for all disadvantaged children.

Mr. Chairman, as you know, there are many benefits to the Head Start Program that are difficult to measure and are not captured by standardized tests. I would particularly underline parental involvement, as well as a broad range of medical, nutrition, and social services. As I just quoted from the Governors' statement, we're not just talking about education when we talk about Head Start; we're talking about a much broader basket of services that need to be brought to children in poverty so that they can function in a school environment and function in a learning environment so, certainly by the time that they reach the first grade, they are ready to really become academic students in today's world.

I don't think we should be naive about what can be achieved realistically by this one program against the complex and destructive forces suffered by our children in a culture of poverty. Additional large issues, of course, including housing, jobs, medical and child care, and they all need to be addressed. But in terms of providing children in poverty with a fair chance at an equal educational opportunity, the Head Start Program has proven itself over the last 25 years.

Let me close, Mr. Chairman, by saying that the Alliance hopes to continue to work closely with you, with Chairman Hawkins, with Chairman Kildee, to assure the improvement and expansion of the Head Start Program and other early prevention and intervention strategies. We are convinced that this program is an important component for developing attitudes and skills necessary for lifelong success among those served. I think I can speak for a very broad consensus among my business colleagues in saying that it is a critical investment in our economic future as we enter a new era of global competition based on technical competence and work force quality. The Alliance, as well as other national business organizations, will continue its efforts to improve the quality of American public education in order to enhance America's ability to remain competitive and productive in today's world markets.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kolberg follows:]

PREPARED STATEMENT OF WILLIAM H. KOLBERG

Mr. Chairman, it is a personal pleasure to be invited to testify before your subcommittee again, particularly on issues of increasing importance related to early childhood education.

I am William H. Kolberg, President of the National Alliance of Business.

The Alliance has followed closely the work of our business colleagues at the Committee for Economic Development (CED) on early intervention strategies and their impact on childhood development. It is a pleasure to join with them in urging greater attention by the federal government to this critical component of economic and social policy.

CED has provided leadership within the business community on this issue beginning with their reports entitled ***"Children in Need"*** and ***"Investing in Our Children."*** CED has not only educated the business community and the general public about the importance of preschool education and health care, but also has argued convincingly for pursuing a strategy of prevention in public policy.

We recognize how critical early childhood education can be. It has a direct impact on social skills, educational achievement, and self esteem. We at the Alliance see

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investments in early childhood programs, like Head Start, as an important weapon in the fight against the problems of school dropouts, drug abuse, crime, and teenage pregnancy. The dollars are well spent, if we can make headway on the problems that seem to plague at-risk youth. It has the potential, over the long term, of allowing us to redirect limited federal dollars that otherwise might have to be spent on "second chance" systems to repair the damage that could have been prevented.

I would like to bring another recent report to the Subcommittee's attention. The Carnegie Council on Adolescent Development issued a report entitled ***"Turning Points: Preparing American Youth for the 21st Century."*** It examines the complex problems faced by early adolescents, especially 10 to 15 year olds. This report graphically illustrates the education, social, and health issues faced by children who live in impoverished conditions from birth. The documented examples point out the problems that could have been avoided if we had pursued a stronger national policy for early prevention and intervention. It does not take an expert to conclude that we compound the costs by trying to repair problems that could have been prevented in the first place.

The Presidents of the Alliance and CED co-chair the Business Coalition for Education Reform, comprised of all the major national business organizations. (This coalition includes American Business Conference, Black Business Council, The Business Roundtable, Chamber of Commerce of the United States, Committee for Economic Development, The Conference Board, National Alliance of Business, National Association of Manufacturers, and the U.S. Hispanic Chamber of Commerce).

The fact that all of these business organizations have come together and have made a long term commitment to work on what have become "national" issues of educational quality and achievement demonstrates the urgency that we in the business community attach to preparing people to take full advantage of life's opportunities in this society.

In the Coalition's initial public statement we said:

> We, the leaders of the major national business organizations, call on the nation to make a commitment to provide every child with a quality education that will prepare him or her to become a productive and well-informed citizen who can actively participate in the economic and civic life of the nation.

The statement goes on to list six key items on the Coalition agenda for action. One of which is the need for this nation to:

> ...invest in early prevention and intervention strategies to help children at risk become ready for school and to help their parents become better skilled at supporting their educational needs. We need to financially support programs that focus on preschool education, such as Head Start, and prenatal care for poor women. We recognize there is a budget crisis in this nation. Our goal must be to find the necessary resources to support these kinds of programs, such as Head Start, and move towards full funding by the year 2000.

Recently, the President proposed a related national goal in his State of the Union message, developed jointly with the Governors' Task Force on Education, stating that "By the year 2000, all children in America will start school ready to learn." The Governors are in town today and tomorrow to ratify such a goal along with several other national education goals. If the goal is adopted, the real challenge is to put our words into action.

Our hope is that the goal will not be narrowly defined to include only education, but also to include health, nutrition, and social services required to prepare children for school. It would be common sense for the nation to make a larger initial investment in the resources of its children.

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I am pleased that the President's requests a $500 million increase for Head Start in his fiscal year 1991 budget. The Alliance fully supports that recommendation. But, it should be put in context. I would say that it represents an important first step toward full funding over the course of the decade.

Many of us in the business community support a strategy that advocates full funding for early intervention programs, particularly Head Start, before the year 2000. By full funding, we mean enough funds to serve all disadvantaged youth who would be eligible for the program.

The current appropriation for fiscal year 1990 is about $1.4 billion. The request of the President would bring fiscal year 1991 funding to about $1.9 billion for the four year old cohort. To fully fund an enriched Head Start program that could serve 3, 4, and 5 year olds, funding by the end of the decade would be in the range of $6 billion to $7 billion, according to the best estimates available based on current population surveys.

That represents a substantial investment by anyone's measure. I'm sure it would be an issue for Congress in the current fiscal environment. However, increases could be made gradually between now and the year 2000. I would argue also that we are at a point where the costs could be shared with the States. The Federal government got into Head Start 25 years ago almost by happenstance, because of a tremendous need among poor children, and because available research could propose an effective model to try. Since then, the program has proven itself over and over, but the Federal government has largely borne full responsibility for it. We know that about 30 states have enacted various types of preschool programs, 9 of which are designed to supplement Head Start.

Now, with the governors recognizing a national goal related to early childhood education, and with the states having primary responsibility for public education, perhaps we could move to a greater level of shared responsibility in Head Start, that would edge closer to full funding for the eligible population. There is precedent in virtually every other program of federal assistance to education. The closest comparison is the federal Chapter 1 program, which covers poor children in the early years of elementary school, in which costs are shared with the states.

It is our understanding that limited funding and practical necessity has confined the Head Start program to serving four year olds, which raises another issue for us. There are no statutory limitations for serving children from age 3 through 5, but funding levels have forced most programs to concentrate on four year olds. Kindergarten is almost now universal for 5 year olds, but in those states where kindergarten is not provided and where evidence suggests that the gains made at age four in Head Start are not reinforced or preserved in regular kindergarten, services should be available to 5 year olds. This makes it more important, in my view, that full funding of Head Start be based on the assumption that services would be made available at least from age 3 through 5 to enable eligible children to be ready for school.

In our work with the Business Roundtable's education initiative over the past several months, the Alliance has convened nine different groups of experts from a variety of fields and roles in education and business to discuss an appropriate business role in education reform. I mention this only to make a point that in virtually every one of these day-long panels, the critical importance of early childhood and preschool education, and the linkage of education and social services in programs like Head Start, was reinforced by different experts.

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There are many benefits to the Head Start program that are difficult to measure and are not captured by standardized tests. Parental involvement, and the broad range of medical, nutritional, and social services are hallmarks of the program's success. We are convinced, by the work of CED and some of the experts you will hear from today, that the program works and that it generates a tremendous dividend on the dollar invested.

We are not naïve about what can be achieved realistically by this one program against the complex and destructive forces suffered by children in a culture of poverty. Large issues of housing, jobs, medical and child care must be addressed also. But in terms of providing children in poverty with a fair chance at an equal educational opportunity, the Head Start program has proven itself over the last 25 years.

In my view, we are moving out of an era during which individual, discrete programs can be enacted and run effectively for each identifiable problem, with each program having its own administrative structures, funding, and regulations. We are entering an era in which the knowledge we have gained from that experience can provide a better, more integrated approach to service delivery. In an ideal world perhaps, we could take programs like Head Start, aimed at preschool children, the Follow Through program which barely survives as a demonstration program aimed at picking up where Head Start leaves off, the Even Start program which provides literacy and training to parents with their children ages 1 through 7, and the Chapter 1 program in the early years of elementary school, and integrate them into a single, comprehensive strategy for early childhood education with the full range of education, family, and social services. That is a bold step to initiate quickly, but I am convinced it is the direction we must pursue.

Let me close by saying that the Alliance hopes to work closely with the Congress to assure the improvement and expansion of the Head Start program, and other early prevention and intervention strategies. I am convinced that this program is an important component for developing attitudes and skills necessary for life-long success among those served. I think I can speak for my business colleagues in saying that it is a critical investment in our economic future as we enter a new era of global competition based on technical competence and workforce quality. The Alliance, as well as other national business organizations, will continue our efforts to improve the quality of American public education and enhance America's ability to remain competitive and productive in today's world markets.

Mr. Chairman, I would be happy to answer any questions you may have.

Representative **Scheuer**. Thank you very very much, Mr. Kolberg, for a fine statement

Now, I'd like to recognize the distinguished chairman of the Education and Labor Committee, Gus Hawkins, for questioning.

Representative **Hawkins**. It's very difficult to question someone with whom you agree so much. However, it occurs to me that what these two representatives of the business community are saying will certainly agree with what I think you, Mr. Chairman, have found in your committee and certainly what we have found in the Education and Labor Committee.

I was particularly pleased with the set of recommendations that both the witnesses have made, in viewing the subject from a very comprehensive point of view, not merely concentrating as now seems to be a possibility on only one age group but considering the broad range of what early childhood development really means, and including such things as supportive services as well as getting the various levels of government to agree.

I think the idea of the $500 million is commendable, a step in the right direction as everybody says. However, is it a dangerous step that we are taking if we do not think of it in the context of what really is needed? It's bad investment, it seems to me, if we concentrate on one age group and then have those individuals lose the gains that they make later, as happens now, because we don't follow up with the other levels, and we don't provide the support services that are needed. As one who is familiar with children that go to school in the first grade in an area such as mine, a low-income area, I know that there are a tremendous number of psychological problems, problems that individuals I think sometimes just don't recognize. The kids come to school with more problems than one can imagine a child would have. And we now seem to be concerned with how much is needed.

I think both witnesses have indicated a lot more than we're now even discussing in the subcommittee on the Head Start Program. As a matter of fact, my understanding is they're debating whether it should be $1.3 billion or $1.2 billion or a somewhat lesser amount. The Governors were here, as has been indicated, and they made a very broad statement. However, they are not meeting again on the question of cost until some time in July, which is after we have voted out the budget resolution setting the target amounts. The President has already taken his step.

I'm just wondering whether all of us are taking the same step in the right direction, if we are so divided up? And I was wondering who's going to put the pieces together because we're not together now? What is that new dance that they're dancing around? It seems like a lot of motion that we're all dancing but not moving forward. And we're going to end up, I am confident, at the present rate with much less, possibly less than the $1.3 billion that is not being discussed, and that means that's several years.

I'm quite excited with Mr. Doyle's concluding statement, which I certainly agree with, that now's the time and we're wondering whether it's too late. Here we are wondering whether it's too late to begin, and it's obvious that we're not going to begin. When someone from the business community tells me that we're moving too slow, and some of us thought that we were radical, moving too fast, then I think the time has come for somebody to put the pieces together. I regret that the Governors did not include the Congress in its deliberations and I'm sorry that we were not included at the summit. Because here it is, we're debating in a committee of the House a bill to address in a specific way the very recommendations that are now being made, and yet we're doing it independent of the White House, independent of the Governors, as they are doing it.

I guess the question, Mr. Doyle or Mr. Kolberg, I would like to ask is, whether or not the business community or just who in the devil's going to put this thing together so that people are in the same room talking the same language and not expressing sentiments and not doing something concrete? I agree that it may already be too late when I travel overseas and I see what's happening in other countries, not only in Asia but in Western Europe. We're standing still, falling behind, and they're moving ahead. So even if we begin now, it's a question whether or not they're going to stop and let us catch up. And if we don't, then I agree that we're not going to have the human resources around here if we wait until the year 2000 in order to get started.

I just wonder whether or not the business community can take greater leadership because I think some of us would like to follow you in terms of the recommendations that you have made. I think they are extraordinarily relevant, correct and from a business point of view, I think they're very sound. Yet we're not going to do it, I suspect, and that's the thing that worries me. I guess that's why I'm leaving the Congress because I can't wait around; I'm too impatient.

But maybe you can give us some encouragement as to whether or not the business community is involved in all of these things that are going on, and can offer something more concrete than what I see, now. Even if left to the Congress, I'm afraid we aren't going to do it. We're just not going to do it, without a lot of outside support. And I would like to hear your comments along the line of constructively putting the pieces together, and moving ahead based on facts and without any partisan politics involved in it.

Mr. Doyle. I would make the comment, and I think that in many ways it's appropriate that we're appearing before this committee rather than your own committee, sir, and that I do think that there is a very clear need, if we want a competitive economy, to make these kind of investments. And one of the things we often hear about business is that we're too short-term oriented. And in this regard, I think we're recommending something that is both short and long term.

Let me speak specifically to what I think we can do well. We can become an advocate, we can, I think, support and argue the case on a sound economic basis and say that it is a necessary investment. The second thing we can do, and we will be doing far more, is to educate our already employed work force. And we do now and we're good at that. We have our people there and we can keep American workers, current American workers, with their skills sharpened competitively. Where we can on a voluntary basis, and I know in my company, we have over 10,000 GE people involved in the schooling system as mentors and support teachers, working on making an effort and helping people go from school to work.

In this area, we find, however, our reach is not great enough. We can be here, we can urge, we can explain, I think, the underlying economic reasons for action, but it is very hard for the private sector to act directly. And that's why we really do have to look to government to lead here. Because, I would agree with you, I think the bills under consideration in many cases are too narrow and may be potentially self-defeating. My concern would be that unless we also make an investment in what happens to children before they ever even get to Head Start and what we do after they leave Head Start, unless we deal with the whole continuum, we will end up in a situation where Head Start won't produce the results we want, and we'll declare it a failure and we'll abandon it at some future date. And I think that would be a tragedy. So I do think we have to make the investment as early as prenatal care. We have to continue it after people go into school and really deal with it on a full-life-cycle basis. And that's one of the main thrusts of the CED's recommendations.

It is very hard for business to do more than encourage, invest, and I think perhaps educate to the extent we can with regard to the competitive realities and the nature of the investment decision.

Representative HAWKINS. Thank you.

Mr. Kolberg.

Mr. KOLBERG. Well, Mr. Chairman, you called for the business community to exercise greater leadership, and we're trying to do that. And I believe that we will be successful. There has come about a remarkable consensus on the part of business leadership in this country over the last 3 years, I'd say, on the absolute economic importance of education reform. And the Business Coalition that I talked about earlier is an outgrowth of that.

Let me just go on and talk a moment about some of the other——

Representative HAWKINS. The economic significance to whom of what?

Mr. KOLBERG. The economic significance of educating all of our young people, all of our children so that they can be productive citizens and productive workers.

Representative HAWKINS. Do you mean to society, do you mean to business?

Mr. KOLBERG. I mean to both. I think business has suffered a bad rap when we are viewed as only caring about educating for work. We care about educating for democracy, educating for citizenship, educating the whole person. By doing that, we strongly believe that we're also educating for work and for being a part of the economic mainstream of the country as well as being a responsible democratic citizen.

If I could go on, Mr. Chairman, let me just quickly go through what is going on as far as the major business organizations are concerned. The Business Roundtable has put together a task force chaired by John Akers of IBM, have committed themselves to working in education reform for the next 10 years, are very much involved now, right at this moment, in getting ready for each of the CEO's, each of the 201 CEO's that head the largest companies in this land, working directly in a given State with Governors, with legislatures to move along with this activity. The Business Roundtable is also very active, as all business organizations are now, in working with the President, with his chief advisers, with his Secretary of Education in this realm.

The U.S. Chamber of Commerce chaired by John Clendenin has been very active in this field, will become even more active working with State chambers and local chambers to get them proactive in this field.

You've heard from Mr. Doyle this morning on what CED is doing and will continue to do.

I could talk about what our organization is doing. Education reform has become now our No. 1 activity, and I think will remain so for a very long period of time.

I think what I'm trying to say back to you, Congressman Hawkins, is that I see real hope. I am now optimistic that the business leadership in this country understands the economic challenge of reforming our education system and that we will do our best. As Frank Doyle has said so well, we want to be partners; we don't want to be leaders. We're not public officials, we're not educators. We do bring to bear a deep concern about the problems involved in education, whether it's early childhood education, all the way through. We are looking to the Governors, we are looking to the chairmen of committees, we are looking to the legislators to lead and we want to be their partners in bringing about a renaissance over the next few years in the way we educate all of our children everywhere. That's a tall order but we believe that it absolutely has to be done.

I don't believe that it is too late. I think it is urgent but I don't believe it is too late. And I think you will find friendly partners, sometimes critical partners, but certainly friendly partners in this whole education reform business right across the land, starting pretty much right now.

Representative HAWKINS. Mr. Kolberg, you understood that I wasn't in any way expressing any criticism of the business community, just the opposite. I think you're so far out in front of some of the rest of us that that's why I'm hoping that you'll provide that type of leadership that will keep some of the others moving ahead because, other than that, I fear that we just won't do it.

I think that the Business Roundtable and the other groups, the CED, have done an excellent and outstanding job. And I can't see why, with that leadership, we can't do a much better job in the Congress and in the Federal Government. In doing it, I hope that as the proposal moves through the House and through the Senate, that you will be heavily involved in it and give your recommendations along the way so that we can come out, hopefully, with something much better and then maybe remove some of the—I'm not a pessimist but I am realist around this place to know that sometimes we lose sight of the goal and don't do the job. And I suspect that that's what we're going to do unless we have you there every part of the way, pushing us on and removing this feeling that we're doing something extraordinarily charitable to some individuals. We are in a real serious problem as a nation and sometimes we lose sight of it. But I think, with you there backing us up as your statements, your recommendations this morning indicate. We're not even reaching your recommendations; that's the only thing that I fear. And I would hope that we at least match what you've said this morning with some concrete action.

Thank you. Thanks to both of you.

Thank you, Mr. Chairman.

Representative **Scheuer**. Thank you, Mr. Chairman.

I'd like to follow Gus Hawkins' line of questioning. It's quite true that the business community is way ahead of this administration and way ahead in their thinking of many Members of Congress.

You're spending, as I understand it, maybe somewhere around $30, or $35, or even $40 billion on employee training at the plant, at the worksite. Is that more or less accurate?

Mr. **Doyle**. Yes, that is as best we can tell——

Representative **Scheuer**. That is in the ball park?

Mr. **Doyle** [continuing]. With 6 million businesses, it's very hard to be accurate about it. But the American Society of Training and Development just completed their very fine study. That's the figure that they come up with which is the best educated guess we have.

Representative **Scheuer**. OK. Then let me move further. Let's say it's $30 or $40 billion. We're talking about full funding for Head Start being an annual investment—and I appreciate both of you using the word "investment" rather than cost or expenditure—of somewhere around $6, $7, $8 billion or, if we were to enrich it somewhat more, perhaps up to $10 billion. That is maybe only a third or a quarter of what you're already spending on worker training.

Could you see a possibility of the business community, itself, providing some kind of collective funding of Head Start Programs in the cities in which major business is functioning? In other words, add a quarter to what you're already spending to assure a flow of kids into the education system who are learning ready. Could you see business coming up with an extra, let us say, $5 billion with perhaps State and local governments making up the remainder? In other words, a cooperative program between State and local governments and business under which, let's say, business would pick up half of it and States and local governments would pick up half of it. That way you'd meet your $8 or $10 billion tab with roughly $5 billion, something like that, as a challenge to the corporate community.

Is something like that within the realm of the doable? Is that too tough a question? Do you want to ignore that question?

Mr. **Doyle**. No, no. We don't come before you, Mr. Chairman, with the expectation that we'll get easy questions; we never do.

Representative **Scheuer**. We don't ask you because we think you aren't men of courage and dynamism and absolute commitment to get this job done.

Mr. **Doyle**. Let me talk about our training budgets. Right now, we are looking at a forecasted double-digit increase in training budgets over the next decade in our company.

Representative **Scheuer**. Well, now, let me just ask you a question right there and then let you continue. If you're looking at doubling your training budgets, wouldn't an investment in preschool make those kids more learning ready, help them accomplish more in school so that you wouldn't have that burden 10 years from now of training kids who really didn't acquire literacy and numeracy and the ability to process information in school?

Mr. **Doyle**. I think certainly the logic that says that that investment in early education is going to make our training far more effective and far less costly long term, I think, is certainly a valid analysis.

The second part of that analysis is that a lot of it will simply burden our other tax costs. In the end, both businesses and individuals pay the enormous tax costs of not making these investments. Now, whether or not a special purpose fund split out rather than dealt with through the tax system is a valid proposal, I really haven't thought about it greatly. I do know that as we look at our own internal costs, our ability to contribute to such a fund right now, our training budgets are, with health care costs, the two most rapidly ascending elements in our total business equation. So I'm not sure we'd have the available funds easily available for such a fund.

Representative **Scheuer**. Mr. Kolberg.

Mr. **Kolberg**. Mr. Chairman, I think I'm courageous but not foolhardy. I think we'd have to say straight on that the business community is not ready or not able, and probably should not pick up public expenditures for a piece of the public education system. As you are well aware, we now spend about $200 billion in this effort K through 12, not counting some of the early childhood kinds of efforts. So there is a tremendous resource out there, Federal, State, and local tax funds already being spent. I think what we're probably saying, whether we said it directly or not, is that companies are willing to pay some more of their own taxes as an equitable piece of this kind of financing but it needs to remain public.

Let me add one piece to it, however.

Representative **Scheuer**. I respect that. Education really should be and is a public function.

Mr. **Kolberg**. I really believe it is.

Representative **Scheuer**. It's only because cities and States and the Federal Government between them haven't picked up the ball on preschool that I ask you in some embarrassment whether the corporate community could possibly pick some of it up.

Mr. **Kolberg**. As a corollary, however, and I just want to point this out. The latest information that I have read shows the number of companies that have established preschool early childhood or day-care facilities at their own plants has risen in the last several years from 300 or 400 to about 1,400 or 1,500. I don't know whether Frank Doyle would share this view; we've never talked about it, but my hunch is that over this decade that you will see a tremendous move toward the development of preschool education and early childhood activities on the part of not just companies but consortiums of companies or in this case it could be shopping centers, a variety of ways to do that. But I think you will see a much more rapid movement in that direction over the next decade. Frankly, so far, 1,400 companies is not very large and there aren't very many companies that have gone into it. But I think it is fair to say that with the changed family makeup and therefore the changed status of workers in our society, early childhood education is bound to become a workplace issue.

Representative **Scheuer**. Thank you, both of you.

I wish to apologize to my colleague, Fred Upton, of Michigan. Normally, the questioning goes from Democrat to Republican to Democrat. I recognized our distinguished chairman of the House Education Committee out of respect for him, and I should have gone right away to Congressman Upton. I apologize that I didn't.

Congressman Fred Upton.

Representative **Upton**. You don't need to apologize. Thank you, Mr. Chairman. And I want to sincerely congratulate you for holding this hearing. I think it is very critical to the Nation's economic and social well-being to invest in our future by investing in our children. Furthermore, I'd like to say that I am known as probably a pretty strong fiscal conservative. In fact, the National Journal listed me as more conservative on fiscal matters than 91 percent of my colleagues.

I hosted a recent child care conference in my district, and I was very pleased to defend very strongly the Head Start Program which came up for a little criticism. I think we turned that around back in my district.

But, Mr. Kolberg, I'm very interested in a couple of things that you said. First of all, of course, I'm pleased to share with you that the increase in Head Start funding in President Bush's budget was $½ billion, and I think that we can continue to do more. There was a story in the New York Times earlier this month that talked a little bit about trying to encourage more parental involvement in the Head Start Program. Maybe that might be more appropriate for me to ask Sandra Waddell, who is the director of a Head Start Program for homeless children in Beverly, MA, who's going to be testifying a little bit later.

In addition to parental involvement, I am also interested in something that you had indicated in your testimony earlier. You stated that you would argue that the costs should be shared with the States as we look at the full-funding approach. And I would be most interested in your comments with regard to both of those.

Mr. **Kolberg**. Congressman Upton, I'd be happy to try to respond.

First of all, in terms of the parental involvement question. To me, parental involvement is as important, in terms of the elements of Head Start, as are the children themselves. We're dealing, in many cases, with single parents, in most cases with single parents, who haven't had probably the kind of parental guidance or experience that they need to be effective parents. And my own experience in cooperative nursery schools over a decade with five kids has taught me, as an individual, that parental involvement in this kind of early education is parental education. And that we teach people how to be effective parents and that's terribly important.

As I look at the data on Head Start and see that half the teachers make less than $10,000, I am afraid, frankly, that a lot of the Head Start activities, too many, frankly, aren't the kind that are going to really help parents very much, because there really aren't qualified teachers to do it; they're parents who are working part time and it tends to be more babysitting, I'm afraid; which is all right, but it is not a quality early childhood experience that those of us who really support Head Start would like to see.

Your second question. Thirty States have some early childhood education programs that they fund, which means that the majority of the States have already become involved in this. And, as I think Congressman Hawkins knows because of my conversations with him on Chapter One, many of the States have used Chapter One to start an early childhood education, particularly Maryland. And the Governor of Maryland spoke, yesterday, about the need therefore to think about Chapter One as another way to fund early childhood education.

But the point I'm making is that, over time, over this decade as we try to work out a universal early childhood education system, it needs to be multiple funded. There's nothing wrong with the Federal Government continuing down the line, but as we move toward a $5 to $10 billion or more effort, that's a lot of money for one element of our intergovernmental system to finance.

Representative UPTON. Thank you.

Representative SCHEUER. Thank you, Congressman.

You're absolutely right and, frankly, I think Chairman Hawkins will testify with me that when we passed the Elementary and Secondary Education Act with the Head Start element in there, we had hoped that the various elements of the act that worked would be picked up by States and localities. Didn't we, Gus?

Representative HAWKINS. That's right.

Representative SCHEUER. We never felt that the Federal Government, which really traditionally hasn't had a major role in education, was all of a sudden going to be forced to pick up the full funding responsibility for Head Start. We felt that if we did our job in structuring the program properly, and it seemed to work after a couple of years, that cities and States would get the message. They'd say, gee, this is a wonderful thing; let's extend our public education down to include the third and the fourth and the fifth year. Is that a fair statement, Gus?

Representative HAWKINS. Yes, but I don't know that that is understood too carefully. I just wonder whether the States recognize it, for example. The Governors were meeting here, I didn't see them discussing any assumption of any additional money in the problem. And that's the thing that worries me. That causes one to be somewhat pessimistic. Obviously, the States should be called upon; at the same time, the Federal Government should not be retrenching, either. But as we begin to, and Congressman Upton said two things that I thought were very profound in terms of the cost, and that is parental involvement and the States being involved. As you talk about quality child care and as you talk about parental involvement and nutrition and I think Mr. Doyle mentioned prenatal care, we agree on all of those things. But we're raising the ante. And as you raise the ante, the money goes up. And now we're talking not about $1 or $2 billion, but we're talking about $8 or $10 billion. And how we allocate that among the various levels, it's all right to talk about the States assuming more responsibility.

Do we know how many who are doing what they are doing now, how many can do it, and if they can do it, why should we assume that Mississippi or Alabama or some of the other States, and I'm not just selecting those two but there may be some Northern States, too, can do a lot more than what they're now doing. But all of this to me is sort of hazy in a program that we're now talking about being a quality program where the cost is certainly going to be in excess of $10 billion. And, yet, our sights are not in that direction, it seems to me.

But you're right, Congressman Scheuer, we never envisioned that the Federal Government had to take over the entire problem, or that business would be saddled with the cost of doing what the schools should be doing anyway.

Representative **SCHEUER**. Exactly. But, of course, they are saddled with it. And you just heard from Bill Kolberg that they expect their on-the-job-training and education effort to double over the next decade. Isn't that more or less what you said, Mr. Kolberg?

Mr. **KOLBERG**. Yes.

Representative **SCHEUER**. So they must have the expectation of getting a whole flood of kids into their corporate ranks who are urgently in need of skills upgrading and basic remedial education. The failure of the education system is a terrible burden on business.

Gus, did you want to continue?

Representative **HAWKINS**. No, no.

Representative **SCHEUER**. I want to bring this most interesting panel to a conclusion. The reason I do this is because Congressman Hawkins apparently has to leave at 12:30. I'm going to consolidate the last two panels, Gus, so that you'll be able to hear the four witnesses, and then you'll have first crack at the questions. And so we'll accommodate you in that respect.

Representative **HAWKINS**. Thank you.

Representative **SCHEUER**. I have one last question for the panel. Let me ask you a philosophical question addressed at people who share a conservative economic philosophy and fiscal philosophy; otherwise, you wouldn't be where you are. And we all share that. And it seems to me if you really believe something is worth conserving, the concept of an educated citizenry is probably way at the top of the pile.

So I would ask you sort of a twin question. The present administration has made the decision that, in their judgment as a value judgment, it makes more sense to ignore the education needs, the preschool enriched education needs of 80 percent of the kids who are at education risk and spend those moneys in big ticket military items. Appalling as it may sound, they seem to think that it's more important to spend $5.5 billion to produce five B-2 bombers, to spend $4.7 billion on star wars, to spend $2.2 billion moving missiles around on railroad tracks, than it is to fund Head Start. All those things that I just mentioned come up to $12 or $13 billion. In their view, national security doesn't seem to mean having an educated citizenry who can contribute to a vital, dynamic, productive, and competitive society. It seems to mean, even in the face of this eroding Russian empire that seems to be disappearing before our eyes day by day, it seems to mean building five B-2 bombers, building star wars that nobody in their right mind with very few exceptions thinks will work, and moving missiles around on railroad tracks.

So we have the choice between doing those things in this day and age, this postconfrontation era, or funding Head Start. Others say that even with a President, two Presidents who say: "read my lips; no new taxes," Head Start is so important to the future productivity of our economy that, as you testified, Mr. Doyle, the failure to get an adequate Head Start Program costs, for each cohort of kids, approximately $230 or $240 billion over the course of their lifetimes. If a $10 billion investment in that cohort for 3 years—third year, fourth year, and fifth year—can produce an income or avoid costs of $240 billion over a generation, that would seem like a spectacular investment to me.

And the question I'm asking you is, would you say that we ought to spend that $10 billion even if it adds to our budget deficit? Would you say that a conservative prudent businessman would say, looking at the postconfrontation era, the rapidly declining threat of the Soviet Union, that maybe we ought to think about putting those military programs that I just mentioned into a holding pattern? On the intellectual assumption that our real security is in having an educated citizenry, is an enriched preschool program for all 3-, 4-, and 5-year-olds an essential precondition of that, and therefore an essential precondition to a meaningful national security?

Mr. DOYLE. Well, Mr. Chairman, first I guess one of the advantages of being a private citizen in business is that very difficult tradeoff of public policy between defense and education investment is one that we're not asked to make. And I won't attempt to do so this morning. I will make the comment, however, that I think is perhaps responsive to your question and within our area of expertise.

And that is that we have for perhaps 30 or 40 years proceeded in the public policy arena to make decisions about jobs on the theory that we had a growing work force and that our primary public policy objective was to grow the number of jobs, and that we would have people to fill them. I do think there has now been a watershed or inflection point where we now have a work force that will not be growing, that if we had qualified people, the jobs would be there. And I would argue that one of the things we should do in the public policy arena is to go back and look at every one of our policy initiatives and every piece of legislation and say, is it now responsive to the new reality? And that new reality is that if we had the qualified people, the jobs would be there.

You and I talked before the hearing and I would comment we're going to be faced with the tragic situation in the coming decades of terrible labor shortages occurring at the same time that we may well have rising unemployment. And the question is, how can we now address this cohort of people who, if they were educated and qualified, could fill the jobs because we're going to need them? So I argue strongly for the investment in this kind of program. I would say that certainly within the range of my area of expertise, I would argue that we could reexamine some of our older programs that were based on the old assumption of a growing work force; too few jobs and too many people. It's no longer valid.

Representative SCHEUER. Thank you, Mr. Doyle.

Mr. KOLBERG. Mr. Chairman, I think, as my colleague has said, we're on the edge of achieving I think a remarkable national consensus on the need for what we've been talking about here this morning; not just Head Start but a quality education that prepares all of our citizens for citizenship, for productive work. I think the unanimous approval, yesterday, by the Nation's Governors and with the President, of a set of national goals to achieve what we've been talking about this morning, reflects a growing national consensus.

I think you should keep in mind, Mr. Chairman, that the States over the last 7 years have increased education expenditures by somewhere between 25 and 40 percent on the average. So it isn't that we have been standing still; as taxpayers, we have continued to spend a lot more money on education. We're concerned now because more money does not yet seem to be translated into output. And that's why all of us are concerned. It has to now translate into output. We need to get better scores; we need to get better education out of that money.

The last comment. This President says he wants to be an education President. I think all of us are trying to help him become that. And I think with the national goals, with a 30-percent increase in Head Start, and variety of other pieces of evidence, I think it's fair to state to the President that he's on the way to becoming an education President. And that we all, bipartisan, want to work with him in achieving the goals that I think we now have set before us.

Representative **Scheuer**. Well, that's a magnificent statement and I thoroughly join in it. We all want to do this; there hasn't been any partisanship; we're as one.

I thank the two members of this panel, Mr. Doyle and Mr. Kolberg, for their outstandingly fine testimony.

We will now ask the remaining four witnesses to come to the stand.

Ms. Patrice Carter, Ms. Sharon Kagan, Mr. Sandra Waddell, and Mr. David Weikart. We'll call on you from left to right and we'll ask you to limit you remarks to 5 minutes so that Chairman Hawkins can participate, and then we'll have a good hour of discussion.

Going from left to right, Ms. Sharon Kagan is associate director of the Bush Center for Child Development and Social Policy, Yale University. She was formerly the director of the New York City Mayor's Office of Early Childhood Education, Head Start, and Developmental Continuity Programs. She is coeditor of three volumes, including Early Schooling, the National Debate, and Early Childhood Research, and a contributing editor of Early Childhood Research Quarterly.

Ms. Kagan, please proceed.

STATEMENT OF SHARON L. KAGAN, ASSOCIATE DIRECTOR, BUSH CENTER FOR CHILD DEVELOPMENT AND SOCIAL POLICY, YALE UNIVERSITY

Ms. **Kagan**. Thank you, Mr. Chairman. And I appreciate the opportunity to speak before you.

My thesis this morning is very, very simple. Head Start has served this Nation remarkably well for 25 years but in order to maintain its standard of excellence, Head Start, like any thriving enterprise, must accommodate itself to current demographics, to research, to what Mr. Doyle called the "new reality."

We all know that, nationally, Head Start looks very, very strong. It has served children and families remarkably well over the past 25 years. This success might suggest that we would best serve the Nation by simply expanding the Head Start Program as we know it; essentially a slots-only expansion approach. Unfortunately, this is a very misguided strategy for three reasons. First, it fails to acknowledge the new context in which Head Start finds itself. Head Start is not the only program in localities; it is expanding along with the Family Support Act programs, programs sponsored under Public Law 99-457 and hopefully under a new expansion via child care. Head Start finds itself competing for very, very scare resources with those other early childhood providers. It finds itself needing to collaborate but has neither the incentives to collaborate or to compete effectively.

Second, an expansion-only strategy suggests that Head Start parents of the 1990's are just like Head Start parents of the 1960's. We all know that this is not the truth. Poverty has dramatically changed the face of our Head Start population.

Third, an expansion-only strategy fails to consider that while in research we know more about quality, the reality is quality in many Head Start Programs has become increasingly illusive.

It seems to me that if we want the 21st century Head Starts to be very effective, we need a two-prong strategy. Functioning synergistically first we do need to concentrate on expansion. And here I will depart a little bit from the prepared statement that you have received. The bulk of our new money, I believe, about 80 percent should be used to increase slots and to increase opportunities for young children. But the other 20 percent should be expended on quality.

Mies Van DerRhoe said a long time ago that "less is more." I'd like to concentrate on the prong where we're expending less, the quality prong, because that's the prong that's going to make the greatest impact, much more impact. For me, a quality emphasis is the only effective insurance to expansion.

What do we mean by quality? Research over the past years has told us that essentially there are three components of quality; first, the relationship between children and care givers; second, the relationship between parents and staff; and, third, having a very high-quality environment. My recommendations for a high-quality expansion focus on these three domains: First, children; second, parents; and, third, environment.

First, children. The quality of Head Start Programs for children around this country is very, very strong. But like all early childhood programs, Head Starts are facing some dramatic pressures. They're facing pressures of increased competition and cognitively oriented curriculums, and they're facing pressures of increased turnover. I think we need to stave these realities by increasing staff competence and by increasing continuity.

How do we do that? The reality is, we have a good model in the New York City Giant Step Program. There, we focused on staff training and were able to obtain funds for salary enhancements.

What were the consequences? The consequences were significantly reduced turnover for staff and outstanding cognitive performance on the Preschool Inventory, a nationally recognized standardized test for children.

What does this mean for Head Start? It means that we should reinvigorate our training offices, it means we should fortify links with quality early childhood training institutions, and we should consider salary and benefit enhancements to Head Start staff.

The second focus of a quality component is a focus on parents. Head Start has been a national model for parent involvement. But, as we have seen, Head Start parents today are somewhat different. It's been a stretch, a real stretch, for Head Start Programs to truly effectively serve parents and communities. I suggest that we need to put our money where our mouth is, and make the parent involvement family support component of Head Start extremely robust. We need to recognize that what happens to children is tremendously affected by what happens to parents. We must arm our Head Start Programs with dollars and with staff and program flexibility so that the needs of parents can be effectively met.

And the third component of quality, a focus on the environment. I think we need to understand the new realities that Mr. Doyle speaks about. Head Start exists in a very different context than it did years ago. Our Head Start Programs have aged. We need to focus on upgrading the quality of the environments. We need to allow Head Start Programs to purchase equipment. That old bus, Bessie, that we bought 20 years ago has just done died. And, second, as Head Start has aged, it has grown into a much more complex early childhood world. We need incentives so that Head Start can effectively collaborate at the local level, so that community plans can embrace Head Start along with many of the other preschool programs that are currently expanding. And, finally, at the State and National level, we must also consider the current environment. States are concerned and they are expanding their programs for young children. Head Start should offer incentives to States who decide to marry their own moneys with those moneys from the Federal level. Head Start must continue to stand as a barometer of national quality, thereby promoting scientific inquiry and the development of new models to advance the early childhood profession.

Gentlemen, often when I speak before academic audiences, I end with a quote from philosophers or from the academic world. Today, speaking before you, I'd like to end with a quote from business, from your own sphere. I urge you to adhere to the adage that "quality is really job number one."

Thank you.

[The prepared statement of Ms. Kagan follows:]

PREPARED STATEMENT OF SHARON L. KAGAN

Mr. Chairman and Subcommittee Members, thank you for the opportunity to testify on the future of Head Start. I speak to you as a researcher and academic, a member of national panels and advisory committees on Head Start, and a former Head Start Director. Hopefully, therefore, you will find my recommendations regarding how Head Start should allocate its new monies helpful from practical and theoretical perspectives.

My thesis is simple: Head Start has served this nation remarkably well for 25 years, yet in order to maintain its standard of excellence, Head Start, like any thriving enterprise, must modify itself to meet new needs, to accommodate current demographics, and to incorporate findings from new research.

In spite, or perhaps because, of its simplicity, this thesis demands thoughtful analysis and taking honest stock. Nationally Head Start looks strong. Since its inception, Head Start has served 11,000,000 children, many of whom are handicapped, migrant or non-English dominant. It has employed countless low-income individuals, many Head Start parents who constitute roughly one-third of the staff. It has enriched the communities in which it is located. And perhaps less frequently acknowledged, it has engendered cross-race and cross-class understanding and been an exemplar for early childhood development for the entire nation. This analysis suggests that the nation might best be served by expanding Head Start exactly as we know it to the thousands of unserved youngsters and families--an "expansion only" strategy.

Unfortunately such a conclusion belies both the complexity of the situation and the state of our knowledge. It fails to acknowledge that the context of early childhood education has changed dramatically. With 35 states launching or expanding programs for low-income pre-schoolers, with FSA and P.L. 99-457 taking root, Head Start is not the lone program or even the major program in many communities. We tend to hear more about Head Start because it is the single largest national program. Yet at the local level it exists within a fragile ecosystem where, paradoxically, it is forced to compete for scarce resources (space, staff and sometimes children) and to collaborate to improve services--without sufficient incentives for either.

An "expansion only" strategy also fails to acknowledge that many 1990s Head Start parents face lives that are quite different from parents of the 1960s. Certainly, poverty existed then, but we know it has become more tenacious and its sequelae more pervasive. Today's Head Start parents--the key to children's sustained success--need strong consistent family support if they are to unleash themselves and their children from poverty's clutches.

Finally, an "expansion only" strategy fails to consider that while in theory, research has helped us define quality more precisely, in practice, quality remains more elusive as staff leave programs and as monitoring and training are reduced.

Given new knowledge and this changed context, a "business as usual strategy" --manifest as expansion only--is insufficient. If we want to prepare children and families for the future, and keep Head Start fully effective while remaining true to its ideals, integrity demands that new dollars be devoted both to expansion and quality. A focus on expansion alone will seriously jeopardize current and future program quality. More specifically, I suggest that you:

FIRST, expand Head Start to serve unserved, underserved and crisis populations, with the goal of creating a high quality Head Start experience for all children by 2000. To that end, I recommend allocating the majority of new dollars to program expansion.

SECOND, allocate a significant percentage of new dollars--perhaps 30%--to enhancing quality. What Lee Iacocca said for automobiles is true for Head Start, "Quality is Job One!" Four areas for quality enhancement that incorporate recent research, address changing demographics and consider the changing nature of the field warrant consideration:

I. SAFEGUARD THE INSTRUCTIONAL PROGRAM FOR CHILDREN.

Research demonstrates that three variables affect quality outcomes for young children; 1) the nature of the relationship between the child and the teacher; 2) the nature of the environment; and 3) the nature of the relationship between teachers and parents. Therefore, a quality campaign must:

A. ENHANCE STAFF CAPACITIES by providing sustained, high quality training for all Head Start staff. To enhance in-service training, regional training offices should be reinvigorated and links with major early childhood institutions fortified. Where possible funds for supplementary training to help Head Start staff obtain baccalaureate degrees should also be re-instated. Training is the key to quality;

B. ENHANCE STAFF SALARIES AND BENEFITS so they are comparable with those of other providers in the community with similar education, training and job functions;

C. ENHANCE THE CURRICULUM by adamantly emphasizing the implementation of developmentally appropriate practices;

D. ENHANCE THE ENVIRONMENT by allowing funds to be spent on one-time renovation, transportation and purchase of instructional equipment;

E. ENHANCE ACCOUNTABILITY by increasing the capacity of regional offices to monitor Head Start programs.

II. MEET THE CURRENT NEEDS OF PARENTS IN THEIR ROLES AS ADULT WORKERS AND FAMILY MEMBERS

A. ENHANCE FAMILY COMPETENCE by making family support--not parent involvement--the cornerstone of Head Start's parent efforts;

B. ENHANCE PROGRAMS' ABILITY TO EFFECTIVELY DEAL WITH FAMILIES by increasing funds allocated for personnel and training associated with the family component of Head Start;

C. SUPPORT PARENTS' REAL NEEDS by allowing regulatory flexibility so programs can support parents (via longer service hours, sibling support) as they pursue training and education that promotes economic self-sufficiency.

III. PROMOTE HEAD START COLLABORATION WITH OTHER PROGRAMS

A. ENHANCE PROGRAM EFFECTIVENESS by establishing financial incentives for Head Start programs that increase service quality and comprehensiveness, avoid service duplications and unnecessary spending by collaborating with community agencies serving pre-school children or corporations.

B. INCREASE COLLABORATION WITH THE PUBLIC SCHOOLS by requiring that each Head Start program implement a linkage strategy that eases the transition for youngsters and families as they leave Head Start and ensures program and service continuity;

C. FOSTER HEAD START EXPANSION WITH STATE FUNDS by providing incentives for states who link with Head Start as a means of enhancing services to young children.

IV. REVITALIZE HEAD START'S ROLE AS A LEADER IN EARLY CHILDHOOD DEVELOPMENT

A. INCREASE THE NATION'S KNOWLEDGE BASE ABOUT YOUNG CHILDREN by reactivating Head Start's leadership role in research regarding the growth and development of children and their families.

B. IMPROVE EARLY CHILDHOOD EDUCATION IN THE NATION by launching a series of demonstration efforts that try out alternatives to Head Start's current structure. Evaluate such efforts and apply the findings to improve Head Start and other early childhood programs.

In conclusion, you may recall that Kierkegaard said, we live our lives forward and understand them backwards. For no program is this adage more apropos than Head Start. It began quickly, it withstood turbulent times and it became a barometer of hope for a just society. Today, you have the tremendous obligation to allow Head Start's future to advance at least as quickly as it has advanced in the past. Only when quality and expansion are co-emphasized will that occur.

Representative **Scheuer**. Thank you very much, Ms. Kagan.

We'll now hear from David Weikart who is president of the High/Scope Educational Research Foundation in Michigan. Mr. Weikart is the author of a number of articles on early childhood education.

STATEMENT OF DAVID P. WEIKART, PRESIDENT, HIGH/SCOPE EDUCATIONAL RESEARCH FOUNDATION, YPSILANTI, MI

Mr. **Weikart**. Thank you very much. It's a pleasure to be here, Mr. Chairman. I'd like to, in the interests of time and trying to match Ms. Kagan's stellar example of keeping to the schedule, just talk about three things: First, costs of good programs, and then two examples of the way programs can be focused to gain more from the amount of resources available.

First, the Nation now spends about $14.9 billion in early childhood education for poor children and nonpoor children whose mothers are in the labor force. Families with mothers employed outside the home spend $11 billion on child care each year, subsidized by Federal tax breaks of about $4 billion. In 1988, the Federal Government spent about $2.9 billion on early childhood programs. What is interesting to note is that States spent $600 million on child care, $250 million on prekindergarten programs at that time.

In a sense, to look at the costs of what programs are to try to get a handle on this, the Congress authorized the General Accounting Office to survey 265 full-time accredited preschool centers. The survey found that the average annual per-child cost of these accredited programs was $4,600. This included $600 of value-in-kind donation, such as rent and labor. These programs had a good staffing. These salaries, however, provided at $13,700 per teacher. This is quite above the standard Head Start salary which, as one of the earlier speakers quoted, is about $9,000 to $12,000.

For these staff to average $20,000 in salary would require a 46-percent increase, that would raise the per-child cost to $6,000. Head Starts serving youngsters just 20 hours a week for 34 weeks spend an average of $2,600 per child. However, the average salary for Head Start teachers in the last year on this full 1,300 hours of service was $12,000 with $15,000 for bachelor's degrees. If salaries of all Head Start staff are increased by 25 percent, the average teacher's salary would increase to $15,000 and the cost would be $3,000 per child. In a sense, full-time Head Start Programs then would cost $5,900, the same amount as found in the GAO study as needed for full-time quality programs.

But salaries are really a difficult thing because even at $15,000 per salary per staff, we will have greatly underfunded or underpaid these people to keep these jobs. If we use a $15,000 a year base and expand to all the children who need the services, we find a total public and private cost to provide good early childhood programs now needed for the poor in the United States would be a $2.4 billion additional expenditure; $1.7 billion for part-time programs for poor 3- and 4-year-olds; and $0.7 billion for full-time programs for poor children. This assumes that we do not increase the amount of service in terms of time, just continue part-time programs within the current structure. But even if this were done, we would find that we would not solve the salary problem in Head Start. It would simply increase it to $15,000 for current salaries, and we do not feel that would change the rate of staff turnover and the problems that are experienced in national Head Start.

One potential solution is to consider a staffing model that would allow three tiers of service. This suggestion is painful because of preference to obtain higher salaries for all staff. But until that's possible, a three-tier system offers a possible way out of the impasse. To be effective, such an approach would have one tier of highly trained supervisory level staff, a second, licensed teacher demonstrators, and, third, general teaching staff. The top level staff, the supervisory staff, should be paid at the equivalent of public school supervisors and paid in the $35,000 to $50,000 range. They should provide inservice training supervision and general curriculum support to classrooms and home-service units. These individuals would be college graduates with teaching certificates or equivalent experience with specialized training, and one position established per every 250 children or one per program.

Under these highly trained supervisors should be staff who are the second level of licensed teachers. Teacher demonstrators who, via a career path would either develop into supervisors and trainers of Head Start or remain in long-term service providing developmentally appropriate education. These teacher-demonstrators would be assigned to two or three Head Start classroom groups or units as head teachers and would be paid the same salaries as public schoolteachers who currently earn $28,000 annually in 1988 dollars. A third level staff would be general teaching staff. And this area is very important because, historically, early childhood education and care in Head Start in particular, with its low entry level training requirements and its social service community orientation has been a vehicle for local community people to learn job skills and gain work-related experiences. This open access link to the community should remain. While many committed staff members prefer to participate in these general staff roles indefinitely, most move on to other areas of employment after several years. This produces the high turnover rate. The key, though, is providing community access.

And one possible solution would be to link into some of the current discussion about developing a national service for education program funded by the Federal Government and perhaps a pooling of State moneys which would provide tuition credits for college and job training that would be related in some way to the number of years worked in child care in Head Start positions. And so, in a sense, there is a way of linking up the notion of general teaching staff available from the community with low minimum initial skills to be able to move into Head Start and maintain a level of service to the community and to the programs. And as these people work and gain skills and experience, then perhaps we can encourage them to go on for additional job training or college attendance which would again meet Mr. Doyle's requirements of a higher trained available staff. Head Start should remain a link to the community and a process out.

A second area for change that might be examined is that of research and development within the Head Start group with a view of getting more response or more value for money expended. Research and demonstration programs in Head Start have been an important function. Over the last 25 years, approximately $500 million has been spent on such projects. While many of these programs are unusually well operated and carefully administered, they generally have a minimal impact on the daily operation of Head Start. To be effective, Head Start needs to invent new devices that allow rewards for decentralized thinking and independent initiatives outside the traditional academic and government circles.

One current research alternative shows some promise. Recently in the fall of 1987, 11 Head Start centers established the Head Start Research Cooperative Panel. This group of panels has directed a series of studies, one involving case studies of long-term followup from Head Start and the other as the executors of U.S. Child Care Study, a household survey of needs of child care within the United States.

This Head Start panel is a model for an effective nontraditional alternative for research programs sponsored by the National Head Start office. The basic concept that underlies the panel is that a cluster of Head Start directors, representing widely distributed programs and constituting a national sample, assumes responsibility for planning, executing, analyzing, and disseminating research related to issues in Head Start Programs and development. Head Start directors make all the decisions regarding the operation of the panel. The panel also contracts with a technical service group to provide technical support and knowledge throughout all phases of the project.

The goal is to allow the research questions to evolve from the direct experience in day-to-day operations that the directors have with their programs and from the actual information that panel research projects collect from their programs. Outcomes will have an impact on both local and national practices.

This approach puts directors at the nexus of research, program operation, and new ideas. Operation with the panel gives directors a deeper insight into achieving program quality, transferring research data into program operations, and engaging staff and community in issues of child development and family support. It allows staff to better understand their program to interact on a wider range of professional issues critical to Head Start quality, and to see Head Start from a broader perspective. It fosters Head Start leadership in research at local, State, and National levels as developers, demonstrators, and communicators. In addition to the special research reports it generates, this approach is a system of staff development, a process for building program quality and a catalyst for community involvement. Head Start needs the expansion moneys which are being discussed. Going to full funding is something to be desired. Head Start is a national resource, a program that works. But within that expansion, we need to respond to the specific needs and details that Head Start has identified over the years. The Nation needs to build on its strengths and deliver its benefits to children, families, and the community.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Weikart follows:]

PREPARED STATEMENT OF DAVID P. WEIKART

Mr. Chairman, members of the subcommittee on Education and Health, I am David P. Weikart, President of the High/Scope Educational Research Foundation, an independent, nonprofit research, development, and training organization with headquarters in Ypsilanti, Michigan. The Foundation's principal goals are to promote the development of children from infancy through adolescence and to support teachers and parents as they help children learn and grow. The Foundation conducts national and international projects in research, program development, professional training, publishing, and public outreach, with funding support from both governmental and private sources.

Today I will discuss several central issues important in early childhood care and education with a special focus on National Head Start. Attention will be given to the economic issues involved. While the dollars spent on programs such as Head Start are important to the general health and security of the nation, it is how these dollars are spent that is critical to the success experienced by the participating children and their families. Program quality determines whether program goals can be obtained and not the mere fact that a program is operated.

The Need for Good Early Childhood Programs

Over the past few decades, the demand for early childhood programs has increased because of the increasing maternal employment rate; the demand for early childhood program quality has increased because of the growing recognition that good early childhood programs can contribute to children's development. In 1950, when only 14 percent of mothers of children under 6 were in the labor force,[1] families met most of their own child care needs. In 1987, when 61 percent of children under 5 had mothers employed outside the home, parents and other relatives took care of only 54 percent of these children and early childhood programs took care of the remaining 46 percent.[2] As female employment continues to increase, fewer parents and other relatives are available to take care of young children. For this reason, increasing numbers of parents will enroll their children in early childhood programs in homes and in centers.

Underlying the debate over public support for early childhood programs is the debate over maternal employment, but the worldwide trend towards

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increased maternal employment is indisputable, as are the broader trends towards increased economic opportunities for women and economic equity between women and men. Any special characteristics such as physical size and strength that may qualify men over women for agricultural or industrial jobs have little relevance to today's new information and service jobs. Because of these trends, and almost independent of any increase in public support for early childhood programs, the income potential of mothers will continue to grow; more of them will enter the labor force; and those who do not will sacrifice more in forgone earnings.

Positive Effects of Good Early Childhood Programs

The research on good early childhood programs has been most extensive for children living in poverty. Fifty studies reviewed by the Head Start Synthesis Project found evidence of an improvement in children's average intellectual performance that lasted several years.[3] Although some claim that most effects of such programs fade away, clear evidence of fadeout has been found only for children's intellectual performance. In the 1960s, the hypothesis was that even though early childhood education was found to improve young children's intellectual performance, subsequent education would not affect it. Instead, it may be argued, even as early childhood education improves children's intellectual performance, so elementary education initially improves children's intellectual performance (albeit to a lesser extent than preschool education), but then fails to maintain this improvement. Children's early improvement in intellectual performance disappears because children with and without preschool-program experience share the same elementary-school classrooms which do not maintain this improvement.

Eight long-term studies have found evidence that good programs for young children living in poverty produce important long-term benefits. Four of these studies followed participants to ages 18-21:

- the Perry Preschool study[4]
- the Early Training Project study[5]
- the Project HOPE study[6]
- the Head Start study in Rome, Georgia.[7]

The remaining four studies followed participants to ages 9-13:

- the Syracuse study[8]
- the Harlem study[9]
- the Mother-Child Home study[10]
- the New York public school prekindergarten evaluation.[11]

Of the 3,552 children who originally participated in these studies, 74 percent provided information in the most recent follow-up surveys.[12] As a group, these studies have considerable validity and represent a substantial effort that has spanned decades and involved numerous respected scientists.

Ypsilanti Perry Preschool Project

Perhaps the best known of these early intervention programs is High/Scope Foundation's Ypsilanti Perry Preschool Project[13]

The Perry Preschool Project is an ongoing study begun in 1962 of 123 black youths, from families of low socioeconomic status, who were at risk of failing in school. The purpose of the study was to explore the long-term effects of these young people of participation versus non-participation in a program of high-quality early childhood education. Drawn from a single school attendance area, at ages 3 and 4 these youngsters were randomly divided into an experimental group that received a high-quality preschool program and a control group that received no preschool program. Information has been collected about these youngsters on hundreds of variables and has been examined annually from ages 3 to 11, and again at ages 14, 15, 19, and now at age 28--assessing family demographics; child abilities, and scholastic accomplishments; and involvement in delinquent and criminal behavior, use of welfare assistance, and employment.

Results

The long-term study of these 123 youngsters, following them from program entry at age 3 to young adulthood at age 19, has provided important information on the impact of early education on future growth. On the whole, early childhood education significantly alters the child's performance in later life.

Results at age 19 comparing those who attended preschool and those who did not can be summarized as follows:

In education--

- Fewer classified as mentally retarded (15% vs. 35%)
- More completed high school (67% vs. 49%)
- More attended college or job training programs (39% vs. 21%)

In the world of work--

- More hold jobs (50% vs. 32%)
- More support themselves by their own (or spouse's) earnings (45% vs. 25%)
- More are satisfied with work (42% vs. 26%)

In the community--

- Fewer arrested for criminal acts (31% vs. 51%)
- Lower birthrate (64 vs. 117 per 100 women)
- Fewer on public assistance (18% vs. 32%)

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Economic Outcomes

The cost-benefit analysis of the Perry Preschool Project indicates that such programs can be a good investment for taxpayers. On the basis of a careful analysis of 15 years of follow-up data, this program showed a very positive value for taxpayers[14].

Figure 1 indicates that the major cost of the program (in constant 1981 dollars, discounted at 3 percent annually) is the initial investment of about $5,000 per participant per program year. (It is important to note that this cost figure includes items of school operation that are usually overlooked, such as building depreciation, clothing, volunteers, etc.) Major benefits found for the taxpayers were reduced costs per participant of about $5,000 for special education programs, $3,000 for crime, and $16,000 for welfare assistance. Additional post-secondary education costs by participants added about $1,000 to costs. Participants were expected to pay $5,000 more in taxes because of increased lifetime earnings (predicted from their improved educational attainment).

Thus, total benefits to taxpayers amount to about $28,000 per participant, which is nearly six times the initial cost of the one-year program, or three times the cost of the two-year program. The return is large enough that even a two-year program that was only half as effective as the one-year program studied would still yield a positive return on investment. The savings from reduced costs for special education alone are enough to return to taxpayers an amount equivalent to the cost of a one-year program. Spending no money is not a policy option. Under current laws and regulations, the money will be spent; the choice lies in deciding how much and when we wish to spend it.

Components of Program Quality

Early childhood programs only work when they are of sufficient quality. A good early childhood program can take place in any setting that has adequate financial and physical resources and an adequate number of supervised, qualified staff--in a private home, center, nursery school, public school, or Head Start program. Building on the research findings cited herein and the collective experience of the past two decades, we have developed the following definition of early-childhood-program quality.

- An explicit, validated child-development-curriculum approach, the most important component of quality, promotes sound intellectual, social, and physical development by providing a supportive environment in which children choose their own learning activities and take responsibility for completing them. A long-term study of 68 children raised in poverty found that this approach with preschoolers, when compared to a direct instruction approach, appeared to lead to a much lower rate of juvenile delinquency.[15]

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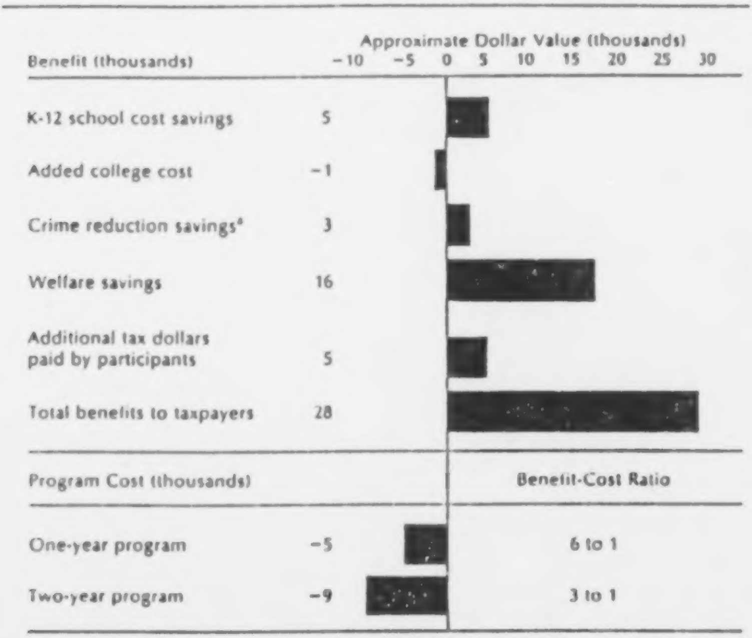
Figure 1

PERRY PRESCHOOL PROGRAM PER-CHILD COSTS AND BENEFITS TO TAXPAYERS



Note: Table entries are constant 1981 dollars, discounted at 3 percent annually. Adapted from John R. Berrueta-Clement, Lawrence J. Schweinhart, W. Steven Barnett, Ann S. Epstein, and David P. Weikart. *Changed Lives: Effects of the Perry Preschool Program on Youths through Age 19*, Monographs of the High/Scope Educational Research Foundation, 8 (Ypsilanti, Mich.: High/Scope Press), 1984, p. 91.

[a] Savings to citizens as taxpayers and as potential crime victims.

- Staff are trained in early childhood development and the curriculum employed. The National Day Care study confirmed that adults are better at providing early childhood care and education when they have college-level training with early childhood content--the type of training that can lead to early childhood college degrees and the early childhood field's competency-based Child Development Associate credential, now flourishing in Head Start.[16]

- Staff receive supportive curriculum supervision and inservice training from persons knowledgeable in the specific curriculum as well as the organization's goals. Effective administrators understand and actively support the goals and operation of early childhood programs and their child-development-curriculum approach. They provide for early childhood staff development, including meetings at least monthly that deal with the issues of day-to-day operation of a child-development-curriculum approach.

- Groups are small, with no more than 16-20 three- to five-year-olds for every two adults; 12 two-year-olds for every three adults; eight one-year-olds for every two adults; and one infant per adult.[17]

- Teaching staff work with parents as partners in their children's development. Staff are the recognized experts on child development principles and are treated as such by parents. But parents are recognized as the ultimate experts on their children's behavior, traits, and family background.

- Staff are sensitive to children's physical, health, and nutrition needs and families' child care and social services needs. Young children living in poverty may well need publicly provided meals and preventive health care; their families are often under stress and may need help in finding agencies that address their needs. Young children whose mothers are in the labor force may well need full-time child care even when they are enrolled in part-time programs.

- Evaluation procedures are developmentally appropriate. Valid, reliable, and developmentally appropriate observation procedures, ratings, and tests help early childhood teachers make decisions about a program's quality and how well it enhances children's development.[18]

The accreditation criteria of the National Academy of Early Childhood Programs[19] of the National Association for the Education of Young Children (NAEYC) and the principles underlying High/Scope Foundation's registry of endorsed trainers embody these quality characteristics. In addition, the NAEYC criteria require programs to comply with state and local health and safety requirements; train staff to detect illness and provide first aid; and ensure that children receive nutritious meals, health and social service referrals and developmental assessments.

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The Costs of Good Programs

The nation now invests a total of 14.9 billion dollars a year in early childhood programs for poor children and nonpoor children whose mothers are in the labor force. Families with mothers employed outside the home spend $11.1 billion on child care each year,[20] subsidized by federal tax breaks for dependent care worth $4.0 billion. In FY 1988, the federal government spent $2.9 billion on support for early childhood programs.[21] States spent $600 million on child care[22] and $250 million on prekindergarten programs.[23]

Current early-childhood-program costs in day care centers reflect a level of quality that has been called "barely adequate as evaluated by objective measures."[24] Families with employed mothers report spending $2,262 per child in day care centers, $2,137 per child in day care homes, and $1,477 per child in care by relatives.[25] Teachers in day care centers receive an average hourly wage of $5.35, or $9,363 annually.[26] Forty-one percent of day care center staff leave each year.

In an effort to assess the costs of programs regarded as good rather than typical, the U.S. General Accounting Office surveyed 265 NAEYC-accredited full-time early childhood programs.[27] The survey found that the average annual per-child cost of these accredited programs was $4,660, including $590 for the value of in-kind donations (such as rent and labor). Programs had good staffing (1 adult for every 4 infants or 9 4-year-olds), but still provided relatively low pay ($13,700 per teacher). These staff salaries would require a 46 percent increase for teachers to average $20,000 a year, which would increase the average cost per child to $6,075, or $5,585 without in-kind donations. Clifford and Russell[28] estimate that with desirable staff pay (average teacher salary of $20,000) and staffing (1 adult for every 4 infants or 10 4-year-olds), the per-child cost of a good full-time early childhood program would be $5,268 a year.

Head Start programs, serving youngsters 20 hours a week for 34 weeks a year, spent an average $2,664 per child in 1988.[29] However, the average salary for Head Start teachers was $12,074 a year (1,300 hours), $15,403 a year for those with bachelors' degrees. If the salaries of all Head Start staff were increased by 25 percent, the average teacher salary would be $15,000, and the cost per child for the 34-week program would be $3,177. Full-time Head Start programs would cost about $5,900 per child, the same as the full-time programs cited above plus an additional $500 for supplementary services for children in poverty.[30]

Table 1 estimates the costs required for good early childhood programs in the U.S., based on the information on populations and costs presented in this paper. It assumes an average full-time teacher salary of $20,000 and an average "part-time" teacher salary of $15,000. Some would argue that such a salary level is beyond reach; others would argue that the average early childhood teacher salary should be the same as the average public school teacher salary, $28,031 in 1989.[31] We believe that the proposed averages are reasonable, achievable, and essential to the stabilization of the early childhood teacher workforce and maintenance of quality in early childhood programs. However, it should be noted that both costs and population sizes will change over time. Indeed, the introduction of funding for good programs will inevitably cause increases in populations seeking these programs.

The total public and private cost to provide the good early childhood programs now needed in the U.S. would be $29.4 billion; the nation now invests $14.9 billion from both public and private sources. It needs to invest an additional $14.5 billion:

- $1.7 billion more for part-time programs for poor 3- and 4-year-olds
- $0.7 billion more for full-time programs for poor children under 5
- $12.1 billion more for full-time programs for nonpoor children under 5.

Table 1

COSTS REQUIRED TO PROVIDE GOOD EARLY CHILDHOOD PROGRAMS IN THE U.S. IN 1990

Cost Source	Number of Children ('000s)	Cost/ Child	Total Cost (bill.)	Current Spending (bill.)	Additional Spending Needed (bill.)
Part-time programs for poor 3- and 4-year-olds with nonemployed mothers	1,000	$3,200	$3.2	$1.5	$1.7
Full-time programs for poor children under 5 with employed mothers	500	$5,900	$3.0	$2.3	$0.7
Full-time programs for nonpoor children under 5 with employed mothers	4,300	$5,400	$23.2	$11.1	$12.1
Totals	5,600		$29.4	$14.9	$14.5

Additional investments ($1.7 billion and $0.7 billion) in good part-time and full-time early childhood programs for poor children must come from public sources and private sources acting in the public interest; such programs are too expensive for poor families and provide long-term benefits to taxpayers.[32] Additional investments in good early childhood programs for nonpoor children ($12.1 billion) will come from family, corporate, and public sources; all these sources have a vital interest in such programs. Besides providing funding, government can leverage additional funding by creating incentives for corporations and families to spend more.

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Salaries

In outlining the funds needed to provide services to poor children, certain salary assumptions were employed; that is, increasing all teacher salaries in Head Start by 25 percent from $12,074 to $15,000. However, even this change would not be sufficient to arrest the rapid loss of trained staff to higher paying positions with public schools and state government programs. Other options need to be explored.

One potential solution to this problem is to consider a staffing model that will allow different salary levels within Head Start for different work responsibilities and training backgrounds. This suggestion is painful because the preference is to obtain higher salaries for all staff, but until that is possible, this offers a possible way out of the impasse. To be effective, three levels of staffing are needed--the highly trained supervisory level, the licensed teacher level, and the general teaching level. Under this plan, a top layer of highly skilled and highly paid professionals are assigned the responsibility for administration and quality of Head Start programs. These top-level staff would be equivalent to public school supervisors and would be paid accordingly, in the $35,000- to $50,000-range in 1988 dollars. They would provide inservice training, supervision, and general curriculum support for the classroom or home service unit. These individuals would be college graduates with teaching certificates or equivalent experience with specialized training. One such position should be established either per program or per every 250 children enrolled. They would have additional training in the specific curriculum methodology employed.

Under these highly trained supervisory level staff would be a second level of licensed teachers. Licensed teachers would either, via a career ladder, develop into supervisors and trainers for Head Start or, maintain their role over a long-term basis of providing developmentally-appropriate education for young children. These teacher-demonstrators would be assigned two or three Head Start classroom groups or units as head teachers and would be paid the same salaries as public school teachers, who currently earn about $28,000 annually.

The third level would be general teaching staff. Historically, early childhood education and care, with its low entry level training requirements and its social service community orientation, has been a vehicle for local people to learn job skills and gain other work related experiences. This open access link to the community should remain. While many committed staff members prefer to participate in these general teaching staff roles indefinitely, most move into other areas of employment after several years, and this produces a high turnover rate. Increased standards should apply over time as training and experience are obtained.

Head Start has an outstanding record of providing training to such general teaching staff through CDA programs and community college courses. Once trained in child development and experienced in teaching and caregiving, these individuals are a resource within our society for families everywhere, and this resource increasingly is needed. The problem in the growing labor shortage of the future is that it will be difficult to attract and retain these people at all. Further, if fast-food chains can't obtain a work force now by offering minimum wage, how can Head Start possibly do so in the near future? While the pay schedule for this third echelon of general teaching staff on the front line must be improved substantially, it is unlikely that the resources will be available to match public school rates because the overall cost for most Head Start programs would be too great. Further, community members would be denied direct access to jobs as requirements were raised. However, monetary value can be added to the general teaching staff position through resources from state or federal funds.

One way to accomplish this goal and to serve the country as well is to establish a National Service for Education Program funded by Congress or the states that would parallel the well-known G.I. Education Bill established during World War II. General teaching staff would work three to five years in preschool care and education settings and receive the going wage to provide for their personal support during the work period. Education tuition credit would be accumulated for each year of service. Additional education would be encouraged using these resources. The attractive feature of this approach is that it provides a partial solution to middle- and low-income individuals who increasingly are unable to attend college because of rising tuition costs. The promise of up to four years of college education partially paid for through service in Head Start would be attractive to these individuals.

The goals of these recommendations then are to maintain access by community members to Head Start staff positions, provide training and evaluation support to those who accept general staff positions, establish a group of master teachers as curriculum leaders, and create a top level of permanent supervisory and curriculum training staff.

Research

In addition to salary and staffing improvement which would increase the costs of programs for Head Start, a shift in the way Head Start spends research and demonstration funds would add valuable staff development opportunities and, most likely, improve the quality of such efforts. Over the past 25 years approximately $500 million have been spent on Head Start research and special demonstration programs. While many of these programs were well operated and carefully administrated, they usually had minimal impact on the daily operation of Head Start. To be effective, Head Start needs to invent new devices that allow rewards for decentralized thinking and independent initiative outside of the traditional academic and government circles.

One current research alternative shows some promise. In the fall of 1987, 11 Head Start sites established the Head Start Research Cooperative Panel. This group of experienced Head Start directors adopted a case-study approach with 12 Head Start graduates per site to develop in-depth information on 132 young people. They also assumed responsibility for the multisite U.S. Child Care Survey that is examining the type and extent to which parents in their communities use child care services. This panel's method for decentralizing research is to use local community people to define and explore questions of interest. For example, to analyze their

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findings, local community and Head Start staff panels are reviewing information collected so far and focusing on questions raised by the documented outcomes. These "community-formulated" questions will form the basis of the next phase of research for the panel. Thus, the research evaluation cycle is generated by information developed at the local level, challenged and tested by cross-site discussion with people knowledgeable in the field, and finally carefully subjected to further research. Because the questions have been asked and answered locally, the results have real potential of being used to modify local practice for the betterment of children.

Thus, the National Head Start Research Cooperative Panel is a model for an effective non-traditional alternative for research programs sponsored by the National Head Start office. The basic concept that underlies the Head Start Research Cooperative Panel is that a cluster of Head Start directors, representing widely distributed programs and constituting a national sample, assumes responsibility for planning, executing, analyzing, and disseminating research related to issues in Head Start programming and development. The Head Start directors make all decisions regarding the operation of the Panel. The Panel also contracts with a technical service group to provide the technical support and knowledge throughout all phases of the project.

The goal is to allow the research questions to evolve from the direct experience in the day-to-day operations that the directors have with their programs and from the actual information that Panel research projects collect from their programs. The outcomes will have impact on both local and national practices.

This approach puts Head Start directors at the nexus of research, program operation and new ideas. Operation with the Panel gives directors a deeper insight into achieving program quality, transferring research data into program operations, and engaging staff and community in issues of child development and family support. It allows staff to better understand their program, to interact on a wider range of professional issues critical to Head Start quality, and to see Head Start from a broader perspective. It foster Head Start leadership in research at local, state, and national levels as developers, demonstrators, and communicators. In addition to research reports, this approach is a system of staff development, a process for building program quality and a catalyst for community involvement.

Summary

Poor and disadvantaged children and their families are well served by National Head Start. After 25 years of operation Head Start has a wealth of information and experience to offer the community. In order to bring convergence between what we know such programs can accomplish and what is actually occurring, however, several steps are necessary. First, adequate resources must be provided to allow the program to enroll all those in need. Second, the issue of quality must be addressed. While a major issue is salary level, a three tier system would seem to keep the advantages of community access and still permit Head Start to compete with other agencies of qualified staff. Third, Head Start needs to invent new ways to ask meaningful research questions. The Head Start Research Cooperative Panel represents one method of responding to such a challenge.

Head Start is a national resource, a program which works. The nation needs to build on its strengths and deliver its benefits to children, families and the community.

Footnotes

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Representative **Scheuer**. Thank you very much, Mr. Weikart.

And now we'll proceed to Ms. Sandra Waddell. Ms. Waddell is the director of the North Shore Community Action Programs, Inc., a Head Start Program in Beverly, MA, where she oversees the operations of a human services program providing comprehensive services to roughly 179 or 180 children and their families. Prior to becoming director, she was a Head Start teacher. She was the head teacher for the program. She has served as chairperson for the First & Second National Head Start Directors Institutes which provide management training for 800 directors.

We're delighted to have you, Ms. Waddell, and we look forward to your testimony.

STATEMENT OF SANDRA WADDELL, DIRECTOR, NORTH SHORE COMMUNITY ACTION PROGRAMS, INC., BEVERLY, MA

Ms. **Waddell**. It's exciting to be here. And I'm going to push this prepared statement aside a little bit and talk from my heart and not from my head.

Representative **Scheuer**. Excellent.

Ms. **Waddell**. I've been in Head Start for 15 years now, and this is probably the most exciting time for Head Start. People are talking, knowing what we've known for all along, that Head Start works. It makes a difference in the lives of families.

Recently, I talked to some sixth and seventh graders, and I want to talk to you like I talked to them. Everybody's always focused on the education part of Head Start, and I've always focused on the social services, health, nutrition, and parent involvement components, because I firmly believe, as Head Start says, that parents are the prime educators of the children. And recently during the filming of a video for the National Head Start Association, I had the opportunity to listen to 2 hours of testimony by Head Start parents, telling us that we did make a difference in their lives; that we gave them self-esteem. Our parents come from situations where the systems have been able to beat them down or their lifestyles have been able to beat them down. And their self-esteem is about as small as possible. With the entrance of their child into Head Start, they get a bonus that they don't know they're going to get. That is, they become an integral part of the program and their self-esteem increases as we move through.

In order to continue to make a difference for children and families, we must look at this new expansion effort and focus on improving and maintaining the quality of the program first. I hope that Congress and the President will look at both issues: expansion and maintaining quality.

As I go around the country and I talk to my fellow Head Start directors, I hear their frustrations and I'd like to share with you some of their frustrations. Their frustrations are having 2 percent cost-of-living increases, and level funding for several years. As we all know, and I heard the person from General Electric speak, health insurance costs go up at a rate of 30 percent per year. We have a 2-percent cost of living. I ask you, where does the money come from to pay these costs? Do I cut back on my staff? Do I think about eliminating transportation? Where does the money come from? And this is what I'm hearing again and again from my fellow directors.

Five years ago in Massachusetts, Head Start was in crisis. We were having a staff turnover of 40 to 60 percent. People were leaving, not because they didn't like those jobs but they couldn't continue to afford to work for Head Start. Luckily, the State of Massachusetts came in and gave us some salary enhancement money. With that kind of funding, our staff turnover is now 10 to 15 percent. If we are going to have consistency in Head Start Programs, we need consistency in staff. When people leave in midyear, and you can't find replacements for them, there's only one person that suffers, and that's the children in those classrooms.

We're starting again to have high staff turnovers. This year, for instance, my special ed coordinator left for the public schools. Public schools are now into the early childhood business. Head Starts can't compete for the salaries. She left and she said, if you could pay me more money, I'd stay. Her position is to find special services for the children in our program. That position went unfilled for 4 months. I was looking for a person with at least a bachelor's degree and preferably a master's degree in special education. I think that I waited to find that quality person instead of taking somebody just to fill that gap. This problem is going to continue as we go along.

There are also some dramatic increases in the number of troubled families that we're now servicing; child abuse, alcohol and substance abuse, children with significant developmental delays, and family violence are becoming all too commonplace. At least 45 percent of the children attending NASCAP Head Start require special services. The number of abused children has doubled. And I believe that at least 50 percent of our families are affected by alcohol and/or substance abuse. We also face the new challenges of HIV positive children and homeless families. These types of problems not only require more qualified teaching staff and social service staff, but smaller class size and more social service staff. This means increased costs to adequately meet the needs of the children and families.

I would like to focus for a few minutes on homeless children. Never in my 15 years has a group of children touched my heart as the 15 children that we serve on a regular basis in our new Homeless Head Start Program. At any given time, Head Start families are one step away from being homeless. They live on the brink of financial disaster, as all our Head Start families do, one small financial crisis can drive you into homelessness. Head Start children are homeless children and homeless children are Head Start children.

In the last 18 months, through the innovative grant funded by the Administration for Children, Youth and Families, we've been servicing homeless families. Never have we seen children so quiet, quiet because they are so severely depressed. Depression for many is their only emotion. Many times when the staff reflects on the future of these children and parents, we become overwhelmed with fear and sadness. Nobody knows what the long-term effects will be.

While I was preparing these remarks, I tried to imagine what it must be like to a child and family to be homeless. It means not having a safe haven. It means not having a place to sit down and share a meal with your family. It means not having your own bed. It means not having a place to keep your own toys, to play with and learn from.

Head Start alone cannot solve the problems of homelessness but it must provide these children a safe place to come on a daily basis to rest and play. We know that play is the way children learn and develop. Head Start must assist these homeless children, in playing, so that their development can continue.

When we talk about the needs to serve homeless children, we're talking about having qualified and experienced teachers who receive ongoing training and support from a mental health consultant. The classroom must be therapeutic in nature, giving children a safe place to express their feelings surrounding their homelessness. A mental health therapist must also work in the classroom providing play therapy on an individual basis. Because of the needs of the parents, we need more social service staff. We've found that many children receive infrequent health care and are underimmunized.

There are success stories in our homeless program. We had a parent who entered last year who was homeless and was drinking heavily. By coming into Head Start, finding a home, she is now enrolled in a vocational education training program and she credits it to the support that she received from Head Start while she was homeless.

As Head Start and the community looks to the future, we must be ready to change. With welfare reform upon us, Head Start must provide a longer day and full-year program for our families. There must be specialized programs not only for homeless children but for abused children. I can see us offering full-day services to children whose parents are in alcohol and substance abuse treatment programs. One Head Start Program, in order to meet the needs of their families, will have to operate several different models. As I stated earlier, our families have more severe needs now than in the past. Head Start must respond.

In this brief testimony, I've attempted to focus on several areas of concern for Head Start; maintaining the quality of Head Start and servicing our families' needs are of paramount importance. The key to quality is the ability to attract and maintain trained and experienced staff, provide ongoing training to staff, establish staffing patterns in each component to meet the family needs, ensure transportation systems are updated on a regular basis, and to provide funding so facilities are well maintained and are of adequate size to include meeting rooms for parents.

I also want the services of Head Start to reach all eligible children. It is very difficult to have children on a waiting list, knowing they will never have a Head Start experience. Because we know that Head Start benefits children and families, and $1 spent now will save $7 in the future, I urge you to fully fund Head Start.

Thank you.

[The prepared statement of Ms. Waddell, together with an attachment, follows:]

PREPARED STATEMENT OF SANDRA WADDELL

As Head Start celebrates it's twenty- fifth anniversary, it is time to reflect on the impact that this comprehensive child development program has had on the lives of millions of economically disadvantaged children and families, across the nation. In a recent study done by High Scope, it was shown that a Head Start type experience for low income children has lasting positive effects. For children attending Head Start, they were less apt to require special education services when entering public schools, were more likely to graduate high school, were less likely to become a teen-age parent, were less likely to be incarcerated, etc. It is also known for every dollar spent providing Head Start services, seven dollars are saved.

These successess are based on the several components of Head Start. When I speak to individual and groups about Head Start, I always emphasize that the education component is only one portion of the program. Just as important are the other components which include health, social services, nutrition, and parent involvement. I believe that parents are the prime educators of their children and Head Start is most successful when parents become an integral part of the program.

Recently during the filming of a video for the National Head Start Association in our program, I had the opportunity to listen to parents talk about the effects Head Start has had on their families' lives. The emotion in the room was overwhelming. They talked about their lack of self-esteem when their child entered the program and how through participating in the program they began to feel like worthwhile human beings. Our primary goal at North Shore Community Action Programs - Head Start is to create a positive self-image in children and parents. With this, the cycle of poverty can be broken.

In order to continue to make a difference for children and parents, we must focus on maintaining and improving the quality of the program. With the proposed increases, my hope is that Congress and the President take a two pronged approach; 1) increase the number of children being served by Head Start and 2) maintain and improve the services we are now offering our families. If we sacrifice quality for quantity, our success with quickly fade away.

As I speak to my fellow directors in Massachusetts and around the country, I hear their frustrations and would like to convey them to you now. Over the past several years, Head Start programs have received minimal cost of living increases. Last year, for instance, we were given less than a 2% increase.

For several years we were level funded. For fiscal year 1990, we will receive a 2.5% cost of living increase, with some programs receiving upwards to a 1.9% salary differential. This increase must be applied only to salaries.

During these years our costs have continued to rise, many well beyond the rate of inflation. Take for instances, health insurance. These costs have escalated in 30% one year. In the last month, I have been notified of rent increaases at two sites of over 25%. My question is where does the money come from? Do I cut back on staff? Do I think about eliminating transportation? Where does the money come from?

Five years ago in Massachusetts, Head Start programs were in crisis. Programs where experiencing a rate of staff turnover in the vicinity of 40 to 60 percent. Staff was leaving, not because they didn't like their jobs, but because they couldn't afford to continue. The effects on programs were devastating. Classrooms couldn't open because of the lack of teachers. Teachers that left mid-year for higher paying positions, were replaced with less qualified personnel. This resulted in a loss of quality.

Fortunately for Head Start, the Commonwealth of Massachusetts came to our assistance and allocated funds to be used for personnel costs. The funding in the four years has increased from $2.7 million to $6 million. Staff turnover decreased to 10 to 15% and the quality of the staff has improved.

Now, Maassachusetts, is in a financial crisis and there will be no increases. Matter of fact, Head Start is hoping not to have the funds decreased. If the worse case scernerio should happen, we would be forced to reduce enrollment. This is truly a case of a program not being fully funded.

Staff turnover is again beginning to escalate. This is due in part to public schools servicing four year olds and needing early childhood teachers. Head Start salaries are not comparable to public schools salaries and the staff is being attracted away from Head Start. A recent example was, when our special education coordinator was offered a position in the public schools. She came to me and said she could not afford to stay at the salary that was being offered and had to move on. This position remained unfilled for four months, although I actively searched for qualified candidates. The resulting effect on children was that it took a longer time to receive special services than in the past. Such examples will become commonplace, unless the quality issues are addressed.

There has also been a dramatic increase in the number of troubled families that we are now servicing. Child abuse, alcohol and substance abuse, children with significant developmental delays, and family violence are becoming all too commonplace. At lease 45% of the children attending NSCAP Head Start require special services, the number of abused children has doubled and I believe that at least 50% of our families are affected by alcohol and/or substance abuse. We also face the new challenges of HIV positive children and homeless families. These types of problems not only require more qualified teaching and social service staff, but smaller class size and more social service staff. This means increase costs to adequately meet the needs of the children and families.

I would like to focus for a few minutes on homeless children, a relatively new phenomena. Head Start children are homeless children and homeless children are Head Start children. At any given time Head Start families are one step away from being homeless. When you live on the brink of financial disaster, as all Head Start families do, one small financial crisis can drive you into homelessness.

In the past 18 months through an innovative grant, funded by the Administrastion for Children, Youth and Families our program has been servicing homeless families. Never have we seen children so quiet...quiet because they are so severely depressed. Depression for many, is their emotion, their only emotion. Many times when the staff reflects on the future of these children and parents, we become overwhelmed with fear and sadness. Nobody knows what the long term effects will be.

While I was preparing these remarks I tried to imagine what it must mean to a child and family to be homeless. It means not having a safe haven. It means no having a place to sit down and share a meal with your family. It means not having your own bed. It means not having a place to keep your own toys to play with and learn from.

Head Start alone can't solve the problems of homelessness, but it must provide for these children a safe place to come to on a daily basis to play and rest from their dismal existence. We know that play is the way children learn and develop , Head Start must assist these homeless children so that their development will continue.

In order to serve these children's needs, there must be qualified and experienced teachers, who receive on-going training and support from a mental health consultant. The classroom must be therapeutic in nature, giving children a safe place to express their feelings surrounding their homelessness. A mental health therapist must be working in the classroom providing play therapy on an individual basis. The therapist also must provide parent rap groups to assist and support parents in venting their anger and frustration.

Because of the many needs of the parents and children there must be skilled social staff assigned. Often time, parents need assistance in providing adequate medical care for their children. We have found that many of these children have received infrequent health care and are under immunized. The social staff must be available for the ongoing recruitment effort. In a single week, half the families will move and new families have to be reecruited immediately.

There are success stories in our homeless program. One of our mothers who was homeless last year and drinking heavily, is now enrolled in a vocational education program that is jointly funded by Head Start and the Vocational School. She contributes her success to Head Start's being there when she most needed assistance.

Programs servicing homeless children are costly. Very few Head Start programs are presently serving the homeless, and part of this is due to the lack of funds. Head Starts must repond to the needs of the community and in many areas of the country, services to homeless children are an identified need.

As Head Start and the community looks to the future, we must be ready to change. With Welfare Reform upon us, Head Start must provide a longer day and full year program, for our families. There must be specialized programs for not only homeless children but abused children. I can see us offering full day services to children whose parents are in alcohol and substance abuse treatment programs. One Head Start program, in order to meet the needs of their families, will have to operate several different models. As I stated earlier, our families have more severe needs than in the past, and Head Start must respond.

The average cost per pupil now is $2,664. The National Head Start Association projects that if the program is fully funded, the average cost per pupil should by $4,289. With my 15 years of experience in budgeting, I would conclude that this is an accurate figure.

However I would go one step further and say that the figure is inadequate for specialized programming to serve the "neediest of the needy".

A specialized program that we operate for abused children, funded by the state, has a cost per pupil of $5,600 and children attend for 4 hours/day for 40 weeks a year. This program should operate 52 weeks.

In this brief testimony I have attempted to focus on several areas of concern for Head Start. Maintaining the quality of Head Start and servicing our families needs are of paramount importance. The keys to quality are 1) the ability to attract and maintain trained and experienced staff 2) provide on-going training to staff 3) establish staffing patterns in each component to meet the families needs 4) to insure that transportation systems are updated on a regular basis and 5) to provide funding so facilities are well maintained and of adequate size to include meeting rooms for parents.

I also want the services of Head Start to reach all eligible children. It is very difficult to have children on waiting lists, knowing they will never have a Head Start experience. Because we know that Head Start benefits children and families and one dollar spent now will save seven dollars in the future, I urge you to fully fund Head Start.

Thank you for allowing me to share my thoughts with you.

TESTIMONY - NOVEMBER 1989

HEAD START SILVER RIBBON PANEL

The classroom is quiet too quiet for fifteen pre-schoolers. All the children are very serious going about the tasks most children find joy and laughter in. This is a description of North Shore Community Action Program/Head Start Homeless Project, which is located twenty miles outside of Boston.

The plight of homeless children living in motels on a major highway became apparent to use when Jessica, a blue-eyed, blond haired former Head Start almost drowned in an unsupervised motel pool. This was followed quickly by a four year old boy being hit while playing in a motel parking lot. Head Start and a community agency advisory board grew alarmed and began studying the problem of homeless families. We found that 1) there was and increase in the number of families living in these motel - at least 50 2) reported child abuse cases were on the rise 3) school age children were not attending school 4) drug & alcohol abuse were all too common place and 5) families were living in conditions that animals shouldn't have to exist in.

At this time, a RFP came out for Head Start Innovative Funds and with encouragement and ideas from the community, the proposal was written. The objectives of the program were and are; 1) to provide a safe environment in which children are able to develop in all areas 2) to attempt to alleviate some of the stresses that lead to child abuse by assisting parents in providing the basic necessities of life for their families 3) to assist children in exploring their feelings & fears concerning homelessness and 4) to provide developmental screenings & evaluations to assist parents in determining the future educational needs of their children.

The grant was awarded and we were underway. To describe the mechanics of the program takes much more than 5 minutes, so I will only say it works. Al objectives are being met and all Performance Standards are being followed. It is a model that works in our community, and other Head Starts must develop models that will work for them, based on their particular needs and the community resources available.

There are several factors that have contributed to our success including;

- A qualified and experienced staff
- A willingness to change and adapt to service families needs
- A mental health therapist working full time in the classroom and
- Community support including
  a) Public schools finding classroom space
  b) The State licensing agency giving us a waiver so children could start the program without a complete immunization record in hand
  c) A referral system with a state agency identifying families and their location
  d) Local churches giving us meeting space for parent rap sessions
  e) Diagnosticians assessing children and providing written reports within the week
  f) A health center and a local dentist providing appointments with short notice and where there is no third party insurance available using a sliding scale fee or providing services at no cost and
  g) A mental health clinic willing to provide services in a non-traditional setting

During our first year of operation, we have had many lessons to learn about servicing these families and they haven't been easy ones. When you sit down at lunch and the children eat like it's going to be their last meal or they try to take food home, your heart breaks. When too many children describe scenes of family violence and daddy getting hauled off to jail, you don't have any answers. Mikki, the teacher, was talking with the children about living in a shelter and Jackie, quite matter of factly said "I like living in the Shelter, because when we lived in a house, Mommy used to have people come over and they did coke and they got angry".

We have found that we can make a bad situation al least tolerable for these families. Head Start can support parents in obtaining medical care. Many children have not seen a doctor in well over a year and immunizations are not up to date. At least 70% of the children have special needs, some with very significant delays. We are having them diagnosed, so that when they find permanent housing they can serviced in local Head Starts or through public schools.

We have been able to provide a safe and nurturing environment and a mental health therapist helps them express their fears and feelings. We have weekly rap session for parents to vent their frustrations.

Head Start has become advocates for families and has created an awareness in the community about the living conditions of these families. We have put pressure on public schools to provide transporatation for older siblings, we have made agencies aware of severe abuse and neglect, and we remind legislators about the lack of affordable housing.

At the beginning, I spoke of the quietness of the classroom. Because of our concern of the level of depression of these children, we are now undertaking a research project to assess not only the present needs of these children, but to study the long term effects of homelessness on children. There is a very small amount of literature written on homeless children and Head Start projects, such as ours, have an opportunity and a responsibility to increase the knowledge base. I have enclosed a brief description of the research model in this packet.

In closing, I would like to stress that this prgram is not the answer to homelessness. The answers lie in many areas including 1) the building of affordable housing 2) the funding of alcohol and drug treatment programs for the poor 3) assisting people in gaining basic living skills 4) and breaking the cycle of family violence.

The best news for this program would be that it is no longer needed. Our goal is not to institutionalize homelessness, but to respond to the needs of the Head Start population wherever and under whatever circumstances people may be living. Too few Head Starts are servicing the homeless.

Head Starts success over the last twenty-five years has been it's ability to respond to community needs. As you develop recommendations for Head Starts future. I urge you to consider the homeless children and families and Head Starts role in providing services to the "neediest of the needy".

Thank you for your consideration.

Representative SCHEUER. Thank you very, very much for that fine statement.

And now we will finally hear from an actual Head Start participant, herself. It's a great pleasure to welcome Ms. Patrice Carter, who participated in a Head Start Program when she was 3 or 4 years old. She subsequently attended Spellman College in Georgia, and her education continued at the North Carolina Central University School of Law where she was a member of the dean's list and received her degree in 1988. She's a recipient of the American Jurisprudent Award in Domestic Relations and Insurance Law, and she was appointed to the North Carolina Real Estate Commission by Gov. James Martin in August of last year. She also, last August, began serving a clerkship in the North Carolina Court of Appeals under Judge Robert Orr.

Well, Ms. Carter, we're very proud of you as a graduate of the Head Start Program. Why don't you relax and just assume you're in a living room chatting with friends, and tell us what Head Start has meant to you and what you think it can mean and should mean and ought to mean to several million kids around the country who urgently need that kind of support.

STATEMENT OF PATRICE P. CARTER, ATTORNEY, RALEIGH, NC, AND FORMER HEAD START PARTICIPANT

Ms. CARTER. Well, first of all, I'd like to thank you for affording me the opportunity to come here this morning and address you on such an important issue as Head Start funding. I'd also like to thank you for giving me the opportunity to speak for so many students who went through the Head Start Program and benefited immensely from that program.

I hope that my discussion with you will allow you to gain some insight on just what the Head Start Program meant in my life. I was introduced to Head Start in Paterson, NJ, at the age of 3. That was my first experience in the formal education environment and, needless to say, it was a very, very important and positive one for me. At that time, Head Start was just a half-a-day program. However, I feel that in that limited amount of time, I participated in activities and learned things which kept my young mind stimulated well into the evening hours. Through Head Start, I learned how to interact with other children in my own age group and I developed a confidence in my ability to learn and succeed.

I do not mean to imply, however, that these experiences were not a part of my home life. Quite the contrary, I am probably a bit unusual in that I am the fortunate product of a two-parent home in which education was always given a high priority. Indeed, Paterson Head Start is currently well served by my mother who has been employed with Head Start as an instructor for roughly 25 years now. Since becoming involved in Head Start through me, my mother has been encouraged to complete her college education. If all goes as planned, she will receive her degree from St. Peter's College in New Jersey this summer.

Although my family has always been supportive of the things that I've done, I'm certain that I can come to you this morning and say that a lot of that support came through Head Start. And they came to rely on the support that they received from Head Start.

At such a tender age as 3, there is simply no substitute for being given the skills and the opportunities to successfully lead your peers in group exercises and demonstrate your capabilities. Paterson Head Start's approach to learning, which seemed to focus on developing a love for learning and appreciating education for education's sake, has served me well. As has already been pointed out today, I'm a licensed attorney in the State of North Carolina, I'm currently serving a judicial clerkship under a well-respected judge, Judge Orr, on the North Carolina Court of Appeals. And the Governor of North Carolina has seen fit to entrust me with a position of commissioner on the North Carolina Real Estate Commission.

As you probably know, devoting myself to these competing interests often becomes more of a challenge than others may realize. However, my belief in myself and my knowledge that I am an achiever helps me to meet the demands of both my professional and personal life.

Today, I'm here to encourage this committee to ensure that Head Start Programs across the country are able to provide services upon which communities have come to rely. I have firsthand knowledge of the support which Paterson Head Start is attempting to provide for many single-parent households which lack the abilities and resources to meet all of the needs of their preschool-aged children. With the staggering statistics on poor academic achievement along with alarming figures of children who drop out, now, more than ever, Head Start Programs are needed to plant the educational seeds that will make a difference in the lives of our children and their families and in the people who make a difference in the future of this great nation.

Unfortunately, because I don't have the resources to conduct studies that some of the other persons who have come before you this morning have been able to do, I'm not able to make any extensive recommendations which you might find helpful in terms of funding. However, just based on my own limited knowledge and experience with Head Start, I am prepared to recommend two important things. The first is that we ensure that all children between the ages of 3 and 5, who are eligible to receive a Head Start education, do receive that education, and a quality education at that. The second thing I'd like to encourage this subcommittee to do is to see that the program be funded in a way which will ensure that competent employees are attracted and retained to give our children the education that they are in such need of.

In closing, I challenge each of you to balance the competing interests with which you are no doubt confronted on a day-to-day basis and find the time and the resources to give our children and families opportunities which would not otherwise exist. Head Start Programs today across our country are counting on each of you to say, yes, to education through your support for Head Start.

Thank you.

[The following article was attached to Ms. Carter's statement:]

The Sunday Record
NORTHERN NEW JERSEY DECEMBER 22, 1985

A lasting Head Start

For children and parents

By LS Stanton Leh
Staff Writer

Her mother calls her a Head Start baby, and Patrice Carter doesn't argue.

The 23-year-old law student was among the first of 9 million low-income children who have trooped off to Head Start classes in churches, schools, and community centers across the country.

Since she first tagged along with her mother, then a teacher's aide, to the pilot program in 1965 and then returned as a bona fide student in 1966, Ms. Carter has stayed in close touch with project officials in Paterson, and on visits home she often attends classes with her mother, now a Head Start teacher.

"Head Start instilled a sense of hope and inspired me to be diligent in every pursuit," said Ms. Carter, a graduate of Pater-

See PUPILS, Page A-10

Staff photo by Jim [illegible]

Patrice Carter in 1966 dressed for a Head Start play, and above, as a law student reading to a 1985 Head Start class.

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For pupils and parents, Head Start is lasting

FROM PAGE A-1

son's Kennedy High School and Spelman College in Atlanta. She's now a first-year law student at North Carolina Central University, which she attends on a full scholarship.

"The Head Start staff has been very supportive in everything I do. I don't think there'd be a rock big enough to hide under if I hadn't gone to law school, because they all knew that's what I wanted to do with my life."

Begun in 1965 as an eight-week demonstration project to give low-income children a better shot at educational and social success, the preschool program has become one of the most successful and popular offspring of President Lyndon B. Johnson's War on Poverty.

As Head Start celebrates its 20th anniversary this year, officials anticipate continued fine-tuning but foresee no major changes in the program. Tight funding is expected to prevent major program expansions, they say, but widespread public support should preclude cutbacks.

Since its first summer Head Start has grown from a two-month program with a budget of $96 million to a $1-billion, 10-month program for 452,250 children.

In New Jersey, 28 Head Start programs with a budget of $29 million serve 9,530 children, including 606 in Passaic County, 242 in Bergen County, and 135 in Morris County.

Studies have shown that the program's benefits have been significant:

● Head Start children score higher than comparable non-Head Start children in preschool achievement tests and go on to perform as well as or better than their peers when they enter regular school.

● Participation appears to reduce a student's chances of being held back a grade in school or ending up in special education classes.

● Head Start results in a general improvement in health. Children, many of whom have never seen a doctor or dentist, are offered medical, dental, nutritional, and mental health services through the program.

The program also has proven a boon to many parents.

"It has completely changed my life," said Cecile Dickey, executive director of Concerned Parents for Head Start in Paterson. "I don't know where my kids would be if I hadn't gotten involved in Head Start. I don't know that I'd be the kind of parent to emphasize higher education."

"It's really a family enrichment program as much as a preschool program," said Karen Beak, executive director of the Morris County Head Start program. "You can do just so much for children in one or two years, but parents are ongoing in those peoples' lives. If they have a better knowledge of nutrition, a better concept of themselves, it'll make a difference in all of their lives."

The extent and side effects of parental involvement, always one of the program's goals, have exceeded expectations. Parents are highly visible in most programs, either as volunteers, teachers' aides, teachers, or administrators. For every five children enrolled there are four parent volunteers. Nationwide, 31 percent of the staff are parents of current or former Head Start children.

"When Head Start was formed, four functions were called for: education, social services, health and nutrition, and parent participation," said Jule M. Sugarman, one of the program's founders. "It was that last thing that was really different from other programs. That was in an era when educators were telling parents to stay out of programs, saying they knew best how to educate the children. Then we came along and said to make this work, we need parents to be involved.

"This involvement of parents has had some very interesting effects on parents themselves, just because of the stimulus from Head Start," Sugarman said. "A lot of them went back to school. A lot went on to become involved with education boards and community action.

"If somebody wanted to take a look at where black political leadership came from, it would show that a lot of it arose from Head Start and other antipoverty programs."

Mrs. Dickey — the mother of four boys — often is held up by local and regional officials as a prime example of the kind of leadership the program spawns.

When Head Start got underway in 1965 she was working part time at a local church's day-care center. She registered her 4-year-old (now a graduate of Grambling State University in Louisiana) and was hired as a teacher's aide.

With the support of Head Start she attended college classes, learned about policy-making and budgets, and realized that poor people have power when they join together.

In 1971 she became director of the Paterson program, and she was made executive director in 1973.

Now she heads a staff of 80 that serves 411 children.

She founded Concerned Parents for Better Housing, which is building a 47-unit housing development in Paterson. In 1982, she also founded the New Jersey Lead Poisoning Coalition, which was a prime force behind statewide legislation to increase screening for lead poisoning.

Head Start sites are divided almost evenly between urban and rural areas, with the majority of students aged 3 and 4 and the average class size at 17.

The program is serving about one out of five eligible low-income preschool children, and more than 90 percent of them are from families who have incomes at or below the poverty level.

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National statistics from the Department of Health and Human Services show that 41 percent of the children attending Head Start are black, 33 percent white, 20 percent Hispanic, and 7 percent American Indians and Asians.

In 1975 nationwide performance standards were adopted for the program's four main components: education, including introduction to the concepts of reading and numbers; health, emphasizing the early identification of health problems; parent involvement, designed to get parents involved in their children's education and in self-improvement; and social services, in which a coordinator refers families in need of services to local agencies.

Throughout the year social workers, health officers, teachers, aides, and volunteers all work with the children, about 12½ percent of whom are handicapped. Each day the children receive breakfast, lunch, and a snack that provide two thirds of their dietary needs, Mrs. Dickey said.

The program's political popularity has assured it of budget increases even through the Reagan years, but the increases have been small, meaning program directors must stretch dollars to continue providing the same quality of service. National and regional program officials say they don't anticipate any funding cuts for the next fiscal year, but they don't expect any budget bonanzas either.

"The biggest single problem we have is our inability to pass on anything reasonably close to cost-of-living increases," Hsiech said. "What we have is a very dedicated and qualified staff but high turnover. It's a problem that faces the entire program."

Despite financial constraints, the number of children served continues to increase — by 76,000 nationally since 1980 — and local Head Start directors continue to modify and fine-tune their programs.

"As the needs of families change we encourage the development of different programs to accommodate those needs," said Allen N. Smith, a special assistant in Head Start's main office in Washington, D.C.

In Bergen County — as in other counties — small yearly increases have meant no program expansions and small salary increases, leading to high staff turnover.

A tight budget also means not adding Head Start sites in the southern part of the county, a need detailed in a recent countywide study.

"We have sites in Garfield, Lodi, and Edgewater, but there is still a need in that part of the county," said Robert Hsiech, executive director of the Bergen County Community Action Program (CAP), the parent agency for the county's Head Start program. "We won't see that unless we see some expansion dollars, and I don't foresee any in the near future."

He also doesn't see an immediate solution to the problem of high turnover that results from low salaries.

He said that although major changes aren't in the works, he does anticipate improvements, particularly as they relate to program weaknesses pointed out in a recent report that analyzed all previous Head Start research.

"We are concerned with the transition period from Head Start to public school," Smith said. "There seems to be a decrease [from initial gains in learning] each year after they leave Head Start. We're concerned with that."

The basic goals of Head Start have remained the same since Sugarman, now vice president of Hahnemann University in Philadelphia, and about a dozen child-development experts developed the Head Start concept in 1964.

The nation met it with open arms. Designed for 100,000 children that first summer, it grew to 560,000 before opening day. The OEO office was swamped with applications from schools, churches, women's clubs, and community organizations wanting to sponsor Head Start centers.

"Head Start was announced at a White House tea," recalled Sugarman, who helped run the program from 1965 to 1970. "Mrs. Johnson invited leading women from across America, the social elite of the country coming together to have the program announced. That created a public perception that it was a good thing.

"It has the broadest political support of any of the social projects, except perhaps Social Security. It's not a program that threatens anybody."

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Representative **Scheuer**. Well, Ms. Carter, thank you very much for such inspiring remarks. I think that Chairman Hawkins and I feel a deep sense of satisfaction with the Head Start system that, under his leadership and my followership 25 years ago, produced the Head Start Program. And you, in your performance, show us that we were right on the mark, that we were doing the right thing, that our efforts were fully productive. And it only fills us with a greater sense of urgency, hearing you, to get on with the business of providing a Head Start experience for every kid at urgent education risk.

Thank you very very much.

Congressman Hawkins.

Representative **Hawkins**. I join with you in your expression of enthusiasm and exuberance as it is. Let me try to confine myself, however, to some more specific questions.

Ms. Carter, you started at age 3. Now, there are some who feel that, for whatever reason I don't know, that that age group should be eliminated from consideration. And that we should begin concentrating on the 4-year-olds. In your experience, do you believe that the 3-year-olds should be included?

Ms. **Carter**. I certainly do. I can't stress enough to this subcommittee how important it is, particularly with 3-year-olds. I think 3-year-olds are probably coming into a sense of their own at that point, and it's important to catch those children at that age and start to teach them skills that will take them into their future and allow them to be productive members of this society. I think one of the greatest things that Head Start gave me was a love for learning. And that love for learning has continued throughout my life. I can't speculate on where I would be without Head Start, but I certainly can say that Head Start was a very intricate part of my educational process. And I think 3-year-olds benefit from that.

Representative **Hawkins**. Do you think that love for learning began at an earlier age than age 4, then?

Ms. **Carter**. Oh, certainly. I think you can teach a child that learning is important and allow that child to develop confidence in him or herself and just take that as far as you can. I don't think that should begin at age 4.

Representative **Hawkins**. Then you disagree with the often-cited expression that children should be children and we shouldn't try to make geniuses out of them at the age of 3?

Ms. **Carter**. Well, no one who knows me would argue that anyone has made a genius out of me; I don't think that's the case at all. But I do think that that's a good age to start the process of learning and get on with the business of raising competent people.

Representative **Hawkins**. Well, now I think all of the witnesses expressed the thought that early childhood development should be of a quality. I'm not so sure that that is the way we're approaching many of the proposals now under consideration. We're talking about expansion. Assuming that we want quality child care, Mr. Weikart, perhaps you, because you dealt with the issue of cost, could tell us just how many children can we serve, let us say, at $500 million, assuming we have a quality program, assuming that we pay a decent salary, and assuming that we have parental involvement and the other requirements that have been mentioned.

Mr. **Weikart**. There are really two components to quality. One is sort of static things like the numbers of children per teacher or per staff member, the square footage, the cubic foot circulation of air, the nutritional value of the food, these kinds of things which can all be fairly well regulated. And in studies that have looked at those kinds of issues, they've come out on the full-day programs at about between $6,000 and $7,000 per child in current dollars. So one can divide that through and come up with what the amount would be.

There's a more subtle issue, though, which I think Ms. Kagan was referring to and a number of us are worried about which is that, in addition to just doing what we do and sort of extending it out and paying more money for it, we have to begin to take steps to ensure that we get the return. The quotes of dollars returned, et cetera, are based on high quality studies where the effect of the program was measured during its implementation and tracked carefully for decades afterwards to see what happened. And this suggests, then, that we need to look very closely at issues of training of staff, supervision of staff, methods of keeping parents involved, systematically involved, and things that are very hard to regulate that have to do more with the spirit and character of the program and the staff that are operating it. But those are things we must attent to.

So I agree with you very much; that simply expanding the amount of dollars and slotting in so many more children would be a service at a minimal level but would not be the kind of return that this society, that we know can come from this, and that this society should expect from the investment in these young children. To meet the business community's standard of return, we must see to it that the quality is there. And that can, I think, be defined but it's not going to be easy.

Representative **Hawkins**. Well, approximately how much per child would you suggest is a good reasonable average to work on?

Mr. **Weikart**. The question, of course, is half day and full day. For dealing with half-day programs, we need to deal with some $4,000 per child; if we're dealing with full-day programs, it approaches almost $8,000 which allows for salary adjustments, expenditure, a wide range of things. Those figures, of course, can be shaded as one deals with certain things. I recommended, for example, the three-tier salary approach because it would help lower costs a bit, but save the benefit of having access by people from the community who are not trained at the moment of employment but who can be trained over time and work up to the schedule. But that's adjustment; that doesn't significantly change the dollars that we're talking about.

Representative **Hawkins**. So you're talking about then, roughly, $4,000 for a half-day program and $8,000 per child for a full-day program?

Mr. **Weikart**. And those aren't just out of the hat; that comes from the GAO study so it's——

Representative **Hawkins**. So that we could for any particular amount whether it's $500 million or anything, divide that and come up with the number of children that would be served by such a program. So I would assume you're talking about——

Mr. **Weikart**. Some percent has to be set aside, in addition to that, for the kinds of things that Ms. Kagan mentioned; the training, the supervision, the——

Representative **Hawkins**. So that's a conservative estimate?

Mr. **Weikart**. That's program operation, yes.

Representative **Hawkins**. Ms. Kagan, you're about to say something.

Ms. **Kagan**. Thank you, Congressman Hawkins. I think at base look, the strategy that you're implying is a sound one. The problem with it, however, is that by those calculations, you are talking about a high-quality program at those dollars for new children coming into the program. It does not allocate any money for the children in the large numbers of programs that we are already serving and are already in existence. If you take your $500 million, you have to calculate a percentage that would apply to the existing slots as well as to the new ones.

Representative **Hawkins**. Well, that's what we're really in a sense talking about. We're serving about 18 percent which means that you have roughly 80 percent who are not now being served. And if we're talking about serving those children, in effect, we're talking about largely bringing into the system, into the programs those children who are not now being served. And as I understand it, I don't know of any proposal to put that type of money into any program.

I'm wondering, let's assume that we don't—let's look at the consequences of even putting money into programs that are not high quality. When we talk about an investment, we intend to protect the investment. And I'm not so sure that we're protecting the investment if we don't put it into quality care. We're just kidding ourselves that we're putting money out for a compassionate cause that isn't going to really pay off. Everyone has indicated that many of these children lose their gains in later years as they begin school and get into first, second, and third grade. It has been charged that investment in Head Start is not a wise investment because sometimes the children don't do as well as we think they should.

So perhaps this may be in some way related to the quality of the program. Now, would you agree that, to some extent, there is a point beyond which to merely put money into a program without looking at the other phases of a comprehensive program, that you may not be doing, effectively, you may not be spending the money effectively by doing so?

Mr. **Weikart**. I think we have a number of studies which indicate that programs of good intention but poor execution do not seem to have the effect that we're looking for. So we do need to ensure that programs are effective by having both adequate resources available to the program as well as the more difficult, the major things like character, approach, enthusiasms, that those also are ensured. And we know that current Head Start Programs, for example, are funded about $2,700 per child. And these are essentially half-day programs with high staff turnover, the kinds of problems outlined here. States like Massachusetts, Ohio, and others are now beginning to have some support from States to help enrich Head Start. But it really needs to be examined on a broad national scale to see what should be done to make the current existent programs come up to speed. There's no reason to not do it because the final costs of where we ought to be are high. I think we need to look at it perhaps in steps or processes to get there.

But the problem that the field, I think, sees and that I would certainly agree with is that just simply taking the $½ billion or more and just multiplying by the number of kids at the current dollar level would not be an effective use of that money.

Representative HAWKINS. Would either one of you, Mr. Weikart or Ms. Kagan, care to comment on whether or not 3-year-olds should be included.

Ms. KAGAN. My response is that given infinite resources without question, I would love to see 3-year-old children involved in Head Start and in fact even younger children. I would love to see children and supports followed through as youngsters make the transition into kindergarten. The reality is, as you so eloquently pointed out earlier this morning, Chairman Hawkins, that we don't have infinite resources.

Representative HAWKINS. I didn't say that. I think I agree with Chairman Scheuer when he enumerated what we put into missiles and a few other things. It seems to me we find the resources to do that. If we had—let's not quibble then over whether we have the resources or not. I think the business people said that if we didn't do something, that what we're going to pay down the road is going to be a lot more serious. But let's say we are basing it on the matter of priorities, where the priorities are, whether or not we put them into one thing or another in the budget process. Let's say that we begin at the beginning of the budget process where we do have the money, or let's put it another way. Assuming we have money to invest in those things that we deem to be desirable and necessary, would you say we should include the 3-year-olds?

Ms. KAGAN. I would love to see 3-year-olds included in Head Start. In addition, I would love to see responsibility given to local communities to plan to contour their Head Start Programs in ways that most appropriately meet their needs. For example, if a community is receiving tremendous funds via other funding sources, FSA, for example, or Public Law 99-457, or through potentially our child care legislation, all of these things need to be taken into consideration as a community contours its total program. So, yes, serving 3-year-olds is a high priority, but giving programs the flexibility to plan across programs is also critically important.

In addition, one other point. I do believe that the research that we have is very, very limited on the efficacy of serving Head Start children for 1 year versus 2 years. I would love to see, as Mr. Weikart proposes, additional investments in research so that we can truly test the efficacy of serving children for more than 1 year.

Mr. WEIKART. The study often used to say four only is my study where we did the Ypsilanti Perry Preschool Project where we did 4-year-olds, one small group, which is one reason Ms. Kagan calls it a narrow study, and then 4 years of threes and fours. Taking the bulk of the data from our studies, plus others, it suggests that where, if possible, threes and fours should be included. But if one had to state it in sequence of priorities, what's first, what's second and so forth, you would say first, fours, add threes as necessary in the priority sequence.

The other thing I think we need to recall is that, and Ms. Kagan brought that up in terms of helping States. I believe, Mr. Chairman, you also talked about this. Can States' local dollars come forward. And we're finding in State after State that, and I think our count now is about 36 States, are putting dollars forward for preschool programs. Sometimes it's very narrow base, school base short-term programs; others in cooperation with Head Starts; others in allowing public schools to contract with Head Starts for services, a wide range of options developing in the States. And I would hope very much that that kind of process will continue to be encouraged, ensuring that the broad conceptual range of Head Start of the social service and development program be encouraged with the States coming forward to support and supplement and expand what the Federal Government's doing.

Representative HAWKINS. Thank you. Thank you, Mr. Chairman.

Representative SCHEUER. Thank you, Mr. Chairman.

Following on Chairman Hawkins' comments about 3-year-olds, I think we're all agreed that it is very desirable to put a child at education risk in a Head Start Program as of the third year.

Ms. Kagan, you mentioned sort of parenthetically in passing, "and even before that." Would you elaborate on that, briefly?

Ms. KAGAN. Sure. I think data that are coming out really support the importance of robust intervention for very, very young children and robust support for parents as two components of service.

Representative SCHEUER. What do you mean, very, very young children? We're talking in terms of cohorts.

Ms. KAGAN. Certain populations benefit from intervention from birth on. And we're seeing many States really provide supports to parents and to young children from birth on. A program that began in Missouri and is now expanding nationally is one example. It does not all have to work exactly like the Head Start model per se, although that would be wonderful, but there are a variety of services that could be provided to younger children; home-based services have proven to be extraordinarily effective. So that I think as we're thinking about long-term comprehensive development, and we are envisioning long term, threes and fours is a very, very isolated stage within the total trajectory of development.

Representative SCHEUER. All right. Now, let's get to the other end of the Head Start time period, 5-year-olds. Is it legitimate and appropriate for the administration to say, we don't have to have a Head Start Program for kids at education risk during their fifth year because by then they're eligible for kindergarten? And, as I understand it, all of the 50 States have kindergarten programs as an entitlement. Is that logical? Or does a 5-year-old from a deprived family, a 5-year-old who is at severe education risk, need something more than just a traditional 3- or 3½-hour kindergarten program?

Ms. KAGAN. Are you addressing your question to me, sir?

Representative SCHEUER. Any of you? Mr. Weikart.

Mr. WEIKART. I'm probably the least qualified to deal with that one.

Ms. WADDELL. I would love to take this one.

I find that some children need the extra year in Head Start; the parents need the extra year of support in Head Start, and they need more than that 2½ hours, as Massachusetts does for kindergarten. There's no carryover in assisting the parent and teaching those parents the skills that they so badly need. I think it's based on individual basis, we have to judge from child to child whether they need that third year in Head Start. But I think we need the flexibility to offer that.

Representative SCHEUER. Yes, Ms. Kagan.

Ms. KAGAN. Sir, I would respond by saying that if the schools in this nation were really doing the kind of job that we hoped, providing supports for 5-year-old youngsters, that the Head Start experience for 5-year-olds would not be necessary. Part of our job is working with schools so that they are implementing developmentally appropriate programs.

There is something, though, that I would beg you to consider. The reality is, it's not just children who make the transition from preschool into regular school or from Head Start into regular school. Parents do as well, and many, many parents feel abruptly and artificially cut off from the Head Start Program and the Head Start community when the children move on to kindergarten. If there could be supports, and some programs are considering this, that give parents the opportunity to participate in the parent component of Head Start, as their children move into kindergarten, that would be wonderful. We talk about followthrough for children; the Nation must continue its efforts on followthrough. We also should be thinking about some kind of followthrough for families.

Representative SCHEUER. Yes. I think we've determined that Head Start really is necessary, a full-fledged, full-throated, enriched Head Start Program for the third, fourth, and fifth year for kids at education risk, and perhaps earlier—perhaps a program that is like a Head Start Program but isn't a mirror image of the Head Start Program as it's appropriate in the second year and maybe even in the first year.

Let's ask the next question. We're talking about kids from low-income families. That's how we've defined eligibility; that's how we arrived at this 2 million kids number, kids from low-income families. How about kids who have special education needs? How about kids from broken homes who maybe come from a middle-class family but a broken home, a child who's been abused, a child who's been abandoned, a child from a home where English is not spoken. These may be middle-class homes. But is it appropriate to think of those kids as kids who are at urgent education risk, even though their families don't fit the low-income criteria? Is Head Start appropriate for them?

Mr. WEIKART. I think there's been a consensus growing that Head Start should make room for special needs children who don't fit the standard Head Start profile. And indeed, I think 10 percent of youngster spaces are allocated for that. The youngster may in fact for special educational needs be of higher economic status. Some States include issues like bilingualism and those types of things as issues. And we do recommend that that continue.

There's one further need, of course, which is that it's probably not appropriate that children be educated by social class, and there is need to find ways to help integrate the social class levels. Just as we integrate racially we should be sure to integrate by social class. And therefore a part of this challenge Head Start faces as it becomes more and more extant is to integrate in with other service programs and processes within the local community so that these youngsters are not educated in total isolation.

Representative **Scheuer**. Now, all of you have mentioned the need to improve facilities, improve the environment, improve staff training, improve salaries of teachers, improve the relation of kids to parents, improve the relation of kids to teachers, and improve the relation of parents to teachers. Of all of this smorgasbord of wonderful ideas, if we can only include them or measure up to them incrementally, which of those other improvements that you're talking about should be on our top priorities list? Give us a priorities list of where the first moneys should go for improving quality.

Ms. **Kagan**. Me?

Representative **Scheuer**. Yes, sure. All of you.

Ms. **Kagan**. OK, we'll all do it.

I would recommend that 20 percent of the new moneys, the $500 million, be allocated to quality enhancement. Within that, I would prioritize and give equal weight to two components; one, staff salaries, benefits, and pensions; and, two, broadened support for parents.

Representative **Scheuer**. Mr. Weikart.

Mr. **Weikart**. I've had the opportunity to observe and work with preschool programs in many countries and many locations around the world. And out of that process, I've seen a wide range of staff-staff, staff-parent, or parent-child environments. And I abstract from that two things that I always give priority to that seems to differentiate between good programs and poor programs. The first one is the amount of supervision and training that the staff receive on an ongoing basis regardless of their level of skill before the training begins. And second is that in this process, that the teachers are given sufficient support and help for their daily work with young people and with parents and others, so that the staff become the pivotal key point. So training would be my prime priority.

Ms. **Waddell**. I would go up to 30 percent of the next $500 million should be put into quality. And staff salaries and benefits and training are where I would put my money right now. Seventy-five percent of our budget is personnel. If that much money is put into personnel, then we might as well have quality personnel. We can't maintain teachers at $9,000 and $10,000 in a classroom doing a job that most teachers wouldn't do. Most public school teachers would not go into a Head Start classroom with children with the amount of behavior problems that we're seeing now, and stay there.

The other part of it is I would like to see the social service component boosted up. Because if you boost up the numbers in that social service component, you're providing more family support and more parent support. The social service staff has long been short in numbers; you may have a program that has two social service staff for 200 parents. It's ridiculous at this point in our existence to be talking about those numbers; it should at least be 1 in 50. So those are my two priority issues.

Ms. CARTER. I think I'd echo the concerns that were expressed here. But I would place primary emphasis on broadening the support base for parents, simply because—particularly in Paterson's school system—parents are most effective with their children when they understand the educational process and they can follow up on that process as their children go through the public school system. They gain that insight and that knowledge of the process through Head Start Programs. The children who by and large get quality educations in the public school system in Paterson, NJ, come from parents and families where the parents understand the process and are able to address some of the concerns that they have for their children's education. So I would like to see it broadened to the extent that parents are given support and encouragement for following up with their children's education.

Representative SCHEUER. Now, we all heard Mr. Kolberg tell us in the first panel that he hoped we'd achieve full funding for Head Start by the year 2000.

Chairman Hawkins and Chairman Dale Kildee and I are working on a bill that will achieve full funding by 1994. At what pace do you think we should shoot for full funding? And what, from your point of view, aside from finances, are the constraints on our moving swiftly or less swiftly to full funding? What are the personnel restraints? What are the program design constraints? What are the environment constraints on moving to full funding of Head Start?

Ms. KAGAN. To whom are you directing that?

Representative SCHEUER. Yes, we'll go right across the panel.

Ms. KAGAN. Across the panel, OK. I think the first challenge for Congress and for all of us is to define clearly what we mean by full funding. Are we talking about 4-year-olds? Are we talking about half-day programs? What do we mean by full funding?

Representative SCHEUER. Well, let me answer that one real fast. We're talking about the maximum program, the theoretically ideal program for young people at education risk. That doesn't mean squandering the money; that doesn't mean throwing money at the problem; that doesn't mean doing silly things; but doing what is appropriate for 3-year-olds, for 4-year-olds and, for disadvantaged kids at education risk, a full day's Head Start/kindergarten for the fifth year. It could be the regular kindergarten in the morning of 2½ or 3 hours, and then an afternoon of an enriched Head Start experience. But we're talking about doing the whole thing and doing it right, without a lot of frills and without being silly and impractical and wasteful, but doing it right and making the investments in the next generation of kids that are necessary and appropriate to help them make it at school and make a go of their lives and not be a burden to the business community when they finish high school, so that they'll be able to go on to secondary school and acquire the postsecondary skills they need for 75 or 80 percent of the jobs that are going to be out there in another 5 to 10 years.

Ms. KAGAN. Constraints.

Representative SCHEUER. What other constraints?

Ms. KAGAN. One, the lack of coordination at the Federal, State, and local level between Head Start and other programs that serve the same age and the same need population. The programs out there are competing for children, even though our research tells us we're only serving 20 percent. They're competing for staff and they're competing for space. We need to be very, very careful that we articulate a coordinated delivery strategy.

Two, there simply are not enough staff in America's urban communities to staff the expansion that we're talking about numerically. Something needs to be done nationally to seed training for early childhood providers and for early childhood leaders within our country.

Three, space in programs in urban America.

Representative SCHEUER. I'd like you to give us some specifics about where we find those people.

Ms. KAGAN. I'd be happy to.

Space for programs in most, at least northeastern urban cities has become a very, very cherished commodity. New York City occupancy costs are extremely, extremely high. Without provision and without modificaton for local variation, programs are not able to find the physical facilities in which to locate themselves. Keep in mind, public schools are expanding their programs dramatically. Some of our Head Start Programs were located in public schools. Those very classrooms are now being reclaimed by the State-funded programs and Head Start is being left out in the cold.

Representative SCHEUER. So you think there ought to be some rehabilitation or construction funds?

Ms. KAGAN. Without question, renovation, absolutely. That's going to be needed to get this thing implemented. I want to underscore my first point; a need for systematic coordination at the National, State, and local level is the key. Because through coordination, through community councils, State councils, et cetera, some of these problems, as we did in New York City, can be handled effectively.

Thank you.

Representative SCHEUER. Mr. Weikart.

Mr. WEIKART. I would just want to enlarge on one point here, which is the issue of construction. What we hear from Head Start directors now is that not only are the schools claiming back space but so are the churches. In a sense, the kind of found facilities, the temporary loan of the church basement that has been 20 years, is the time to get it back. And that appears to be occurring——

Representative SCHEUER. They're using them for senior citizen activities, for example.

Mr. WEIKART. That's right.

So the question becomes one of how would one go about the expansion of it, because it would be very feasible to have a tremendous increase in dollars and all of it disappear into construction and have no change of program. So it's going to take a variety of incentive safeguards and procedures, if it does go to construction, because that can consume great amounts of dollars without the program actually expanding or serving more kids at all. But construction and renovation appears to be a major issue.

Representative SCHEUER. Yes.

Ms. Carter.

Ms. CARTER. If I recall your question correctly, I believe you asked, first of all, for some sort of timeframe in which this might be implemented. I would first say, with all due and deliberate speed. Anything that can be done to facilitate the needs or to facilitate the desires of the local programs to meet the needs of the community, I think that has to be done. The constraints, in my opinion, are probably based upon a lack of support from the State level.

I think if we can get States to realize the importance of these programs and to provide as much support as possible for them, a lot of this could be taken care of. And, of course, attracting qualified and competent personnel and retaining those people, that's a concern.

Representative SCHEUER. Yes.

Ms. Waddell.

Ms. WADDELL. The personnel issue is probably my key issue. To plan for that kind of expansion in 3 or 4 years, to find qualified personnel I think is about impossible. I think we would have to set up training systems immediately to ensure that quality staff will be there. The facilities, the gray hairs I have in my head are probably because of my search for facilities. Church basements are getting more expensive. They want them back. There are other social service agencies competing for those church basements. Licensing doesn't require us to be in church basements. We need to be above the first floor. It would be wonderful to have programs above the basement level. I've never had an office with sunlight.

We need facilities. We can't continue to have second-rate facilities if we want to run first-rate programs. We need places with playgrounds where children can get outside. I have two facilities with very limited playground space. Children are walking the streets for exercise. The facilities would be a major issue if we were to expand those kinds of numbers in the next 4 years, and construction would be wonderful.

Representative SCHEUER. Let me ask about an experiment that I understand has been going on in a particular community that wanted to expand its cadre of Head Start personnel. I understand they have offered a chance to come into a Head Start Program to all of the employees of the school system, the people who work in the dining room the busdrivers, the maintenance aides, and so forth. And they've given them a 3-month to 6-month training course in how you relate to kids, how you hold them, how you mother them, how you sing to them, how you read to them, how you model clay with them. I guess the assumption is that a lot of people raise families successfully who don't have M.A.'s and Ph.D.'s in teaching.

Twenty-five years ago, I sponsored a program called the New Careers Program. We helped get jobs for people who were in very low-level jobs. And, by a combination of work and study, work and training, on-the-job training, they ultimately became professionals, many of them. We took nurses aides and nurses assistants and we gave them work study, and many of them became licensed practical nurses. But in the meantime, through continuous skills enhancement, they improved their productivity. We had education aides, nursing aides, law enforcement aides, and housing aides, and it was a very successful program.

Do you think it's possible to reach out into the community and take people with potential who may not have even high school degrees, much less college degrees, and give them 3 to 6 months of training, and then hope that they could make an effective contribution to a Head Start Program? Is that realistic and doable?

Mr. **WEIKART**. From my perspective, it's doable if the adequate supervision is provided through head teachers or teacher demonstrators and through curriculum trainers. And the reason I say that is because I've seen programs, in rural countries especially, where the staff level training is very low. But the on-the-job training and the supervision was superlative, leading to high-quality programs. The danger, though, is that the model you've outlined, which I would subscribe to because it permits community access to the programs, often then we fail to provide any kind of ongoing training. We provide the startup training, but we don't provide the ongoing training. And we don't provide the at-the-elbow supervision; we provide some sort of central office supervision, and that doesn't go.

But if those two things are met, then I think the program could be. The third component would be some system of encouraging these people to continue to develop their skills and training, get involved in broader programs. Because these people have the initiative to come in the first place, they probably have the initiative to provide high-quality programs under proper supervision. And they may provide the initiative to become commissioners at the National Real Estate Commission.

Representative **SCHEUER**. Yes, Ms. Kagan.

Ms. **KAGAN**. I'd like to respond. The reality is that roughly one-third of the existing staff in Head Start are Head Start parents. We need to remember that Head Start has always been about career development and career enhancement. It created the National Child Development Associate Program that has been a wonderful training vehicle.

To support your query, without question, we have models and we have strategies that will enable us to offer good training programs for parents; we need the resources. And that's why you're hearing the plea from all of us. The unified theme of all of our testimony has really been invest in staff, be it salaries or be it staff training.

Yes, it's doable.

Representative **SCHEUER**. Yes, Ms. Waddell.

Ms. **WADDELL**. My best teachers in my program are past parents from my program. The teacher in the homeless classroom started as a parent, went to school through Head Start, received her associate's degree from Wheelock College and is one of the finest teachers that people would want to see in a classroom. We need to support those kinds of efforts. We can do it; not in 3 to 6 months, not quickly, but we can do it if we have the supervision, if we continue to encourage and require people to continue their educations. For my teacher assistants, when they come in the door, the first question is, are you willing to take some courses? And if they say, no, then they don't come in. They have to want to learn more about children. And it's competency base training that we're talking about.

Representative **SCHEUER**. And about themselves, I would presume?

Ms. **WADDELL**. What?

Representative SCHEUER. They have to learn more about children and about themselves?

Ms. WADDELL. Exactly. And it's competency based training. We're not asking them to take written exams all the time. A lot of times, it's the supervisor coming into the classroom. Parents are my best teachers and I strongly support that kind of an effort.

Representative SCHEUER. My last question, you've all been here much more than an hour and the Sun is over the yardarm. Why do you think it is that cities and States, as well as the Federal Government, have seen the extraordinary success of this Head Start Program going on 25 years, yet few of them have institutionalized it in their own community and made it an entitlement? New York City has. To our credit, New York State provides for about 50 percent of all the kids at education risk. And I will take my hat off to Mayor Koch and Governor Cuomo. Between the two of them, they're doing far better than any other State and city is doing that I know of.

But my question is, what is it that has prevented other cities and other States from saying, hey, this is a program that really works? The Federal Government has never provided more than 6 or 7 percent of total education budgets and they're down to less than that now. This is something for us to do for our kids. We're going to extend the education system downward 3 years, to the third, fourth, and fifth year. Why haven't cities and States grasped the nettle?

Mr. WEIKART. I think several things are at work, one of which is that cities and States, as they look at education, traditionally have looked at it at age 6 and above. And the idea of providing services below age 6, even kindergarten, has been slow in coming.

A second, as we work with under the fives, then, we're finding in many States, a lot of confusion as to who gets the program. So is it social service and so it's care, is it public schools and is it education. And only as States and unions and others have begun to resolve that issue, have they stepped forward. Even in New York City, it did have to end up as a compromise between ACD and the public schools. And Ms. Kagan and you can attest to the compromise that was attained.

A third issue is that as we look at it from a cost-benefit side, it ends to be a State, the cost benefits from these expenditures come back to the States and they come back in a longer timeframe. And politicians tend to look at it as a 2-year cycle. And it's interesting because the main breakthrough, from my perspective, in the early childhood field has not been the good research that's developed over the years or the good staff training or even the good services that have been demonstrated, but the business community beginning to understand that this investment has a payoff. And so it becomes a question about well, how come we're spending $6 or $7 per young person that we don't provide services for when, if we do provide services, we only pay $1. And so corporate America, first the insurance companies, then the banking, and now general business, as you saw this morning, have come on board saying, well, look this is a reasonable use of tax dollars; let's do it.

Representative SCHEUER. Well, I'm about out of steam.

Does anybody have anything else to add?

[No response.]

Representative **Scheuer**. Well, first I want to thank the senior economists from the Joint Economic Committee, William Buechner and Pat Ruggles, who helped arrange this hearing.

And, second, I want to ask my brilliant staff assistant, Kevin Sheekey, for his untiring efforts, his able and untiring efforts to help us put this hearing together.

I might say, in passing, you've heard the figure of the cost-benefit payoff of a Head Start investment of about $5.50 to $6 back to society for every education investment dollar put in place. Well, our senior economist of the JEC, William Buechner, about 1½ years ago, did a similar study of the costs and benefits of an entitlement for postsecondary education, making college education an entitlement, just as K to 12 is. And he used, as his model, the GI bill of rights. Most of those kids were in and out of education by the end of the 1950's. So they had the 1960's, the 1970's, the 1980's and a few years in the 1950's, when most of these young people who were in that special group that had this entitlement to unlimited postsecondary education were productive members of society.

Most of the ones who were sane have retired by now. I was a beneficiary of the GI bill of rights, and all those other people that retired know something that I don't know because I'm still working. But Mr. Buechner's cost-benefit analysis of the GI bill of rights indicated that the payoff was somewhere between $6 and $12, up to $12.50, to society for each $1 of education expenditure.

As you all know, there's been a recent Presidential report that recommended that we extend postsecondary education as a full entitlement from K to 12 to K to 14. Ms. Kagan, do you know whose report that is?

Ms. **Kagan**. I'm not exactly sure, but if I hunch right, I bet you had a lot to do with it.

Representative **Scheuer**. Well, no it was before my time here. It was a report by President Truman's Higher Education Commission. They reported and they recommended in 1947 that we extend the free universal postsecondary education opportunity by 2 years. Now, since public education started around 1910 and now we're at 1990, that was approximately a middle point in the process. So by analogy, you would say, well, today maybe we ought to extend the public education system, the entitlement of public education from K to 12 to K to 16?

Ms. **Kagan**. How about pre-K to 16?

Representative **Scheuer**. Oh, of course. In other words, we ought to extend it down to K minus 2, that would be the third year, and up from K to 12 to K to 16. So we would in effect be extending the education system 2 years down and 4 years up, and then we would have an education system that would do America proud.

And I want to thank William Buechner for that epoch-making report, and I ask unanimous consent that we put that postsecondary education report in the record. And hearing no objections, it's so ordered.

[The report follows:]

A COST-BENEFIT ANALYSIS OF GOVERNMENT INVESTMENT IN POST-SECONDARY EDUCATION UNDER THE WORLD WAR II GI BILL

A staff analysis

prepared for the use of the

SUBCOMMITTEE ON

EDUCATION AND HEALTH

of the

JOINT ECONOMIC COMMITTEE

December 14, 1988

A COST-BENEFIT ANALYSIS OF GOVERNMENT INVESTMENTS IN POST-SECONDARY EDUCATION UNDER THE WORLD WAR II GI BILL

EXECUTIVE SUMMARY

Following the end of World War II, the Federal government provided $14 billion in education and job training benefits for 7.8 million veterans under the Servicemens' Readjustment Act or, as it was popularly known, the GI Bill of Rights.[1]

This study is a cost-benefit analysis of the portion of that total -- an estimated $7 billion -- that was invested in the 2.2 million GI's who used the funds to attend college or graduate school.

Based on an estimate of the increase in the nation's total output of goods and services produced by GI bill beneficiaries, this analysis found that the ratio of benefits to costs for the government's investment in education under the GI bill was a minimum of 5 to 1 and as high as 12.5 to 1 -- that is, for every dollar the government invested in education under the GI bill, the nation received at least $5 of benefits and as much as $12.50 of benefits. These are extraordinarily high ratios of benefits to costs, far above the returns earned by most other forms of investment, either government or private.

Furthermore, the additional taxes paid by these college-educated veterans during their working lives more than paid for the cost of the program.

Whether or not government investment in post-secondary education today would have precisely the same ratio of benefits to costs as resulted from the investment made under the GI bill is a question that requires further research.

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[1] Library of Congress, Congressional Research Service. "Veterans' Education Assistance Programs," Report #86-32 EPW, January 31, 1986, pp. 10, 24.

During the past 35 years, a number of changes have occurred in the economy that would affect the cost-benefit ratio for post-secondary education.

On the one hand, the percent of Americans who have college educations has risen significantly. Taken alone, this would reduce the potential benefits of policies and programs that further increase the supply of college-trained workers. On the other hand, the pace of technological change and the skill requirements of new jobs have risen significantly when compared to the end of World War II, a factor that would raise the expected benefits from an expanded government investment in college education.

Altogether, the extraordinarily high ratio of benefits to costs that this analysis found for the GI bill program suggests that post-secondary education has been, and probably remains, a highly productive form of government investment for the nation.

INTRODUCTION

During World War II, Congress enacted a number of laws designed to assist the transition of veterans back to civilian life. Among the most important of these was the Servicemens' Readjustment Act of 1944 (P.L. 78-346), better known as the GI Bill of Rights. The GI bill provided a number of benefits to returning veterans, including education and job training at government expense, guaranteed loans for the purchase of homes and businesses and readjustment allowances for the unemployed. The education and training assistance constituted the largest single readjustment benefit for veterans both in terms of the amount of money spent and the number of participating veterans.[2]

According to a recent study of veterans' education assistance programs by the Congressional Research Service,

> Education assistance was one element of a whole new system of benefits -- known as "readjustment benefits" -- created for World War II veterans by a series of laws enacted between 1940 and 1944. The purpose of the new readjustment benefits was to help veterans, even those who were not disabled or poor, to make a successful transition back to civilian life, and to make up for educational, business or other opportunities lost while in service.[3]

Under the GI bill, the Federal government provided education or job training benefits to 7.8 million returning veterans. Just over half of all World War II veterans participated in this program, including 2.2 million who attended college or graduate school, 3.5 million who received educational training below the college level, and 2.1 million who received on-the-job or farm training. These figures are presented in Table I.

The total cost of the education and job training provided World War II veterans under the GI bill was $14 billion. There are no government data that indicate how much was spent on each type of education and training. The annual amount of educational benefits that each veteran could receive under the GI bill, however, suggests that approximately $7 billion, or about half of this total, was invested in the 2.2 million GI's who used the funds to attend college or graduate school, with the remaining $7 billion being used for the other programs.

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[2] Congressional Research Service, op. cit., p. 2.

[3] Congressional Research Service, op. cit., p. 1.

The purpose of this analysis is to determine whether the nation benefited from the investment made in college educations for veterans under the GI bill and, if so, by how much. The Committee believes that such an analysis is timely because most World War II veterans have recently reached the end of their normal working lives and are retired or about to retire. It is now possible, based on data that has been collected during the past 35 years, to make a reasonable estimate of the economic benefits resulting from the GI bill.

Table I

PARTICIPATION RATE IN GI BILL
EDUCATION & TRAINING PROGRAMS
(June 1944 - End of program)

	Number of veterans	Percent of eligible
Veteran population	15,440,000	100.0%
Total trained	7,800,000	50.5%
School trainees of which:	5,710,000	37.0%
College	2,230,000	14.4%
Other schools	3,480,000	22.5%
On-job trainees	1,400,000	9.1%
Farm trainees	690,000	4.5%

Source: Library of Congress

This analysis attempts to answer two questions:

1) How much did the nation's total output of goods and services increase between 1952 and 1987 as a result of the government's investment in college education for World War II veterans under the GI bill, compared to what the nation's output would have been if these veterans had not gone to college? How much in additional taxes did these veterans pay to the Federal government?

2) What is the benefit-cost ratio for the government's investment under the GI bill, using appropriate discount techniques?

INCREASED OUTPUT OF GOODS AND SERVICES

This section provides an estimate of the increase in the nation's total output of goods and services that could be attributed to the government's investment in the college education of World War II veterans under the GI bill. The period chosen for study is the 35 years between 1952 and 1987, which encompasses the working lives of most World War II veterans.

Although a handful of veterans were enrolled in college under the GI bill by as early as 1945, the peak years for college enrollment were 1947 to 1950. Most beneficiaries had completed their education by 1952. The number fell rapidly after that, even though a small handful of veterans received college benefits into the early 1960's.[4] This analysis assumes that most GI bill beneficiaries were in the labor force and at work by 1952.

By 1987, the end of the study period, most World War II veterans had reached the end of their normal working lives and were retired or about to retire. The data collected over the past 35 years should thus reflect most of the output of goods and services produced during the working lives of World War II veterans.

Although 2.2 million veterans received a college or graduate education under the GI bill, not all were employed or productive during the entire 35 year period because of deaths, retirements, and unemployment. As Figure 1 shows, all three factors contributed to a steady decline in the estimated number of GI bill beneficiaries employed each year. Death took the biggest toll, with less than 70 percent of veterans still alive today. The big drop in labor force participation at the end

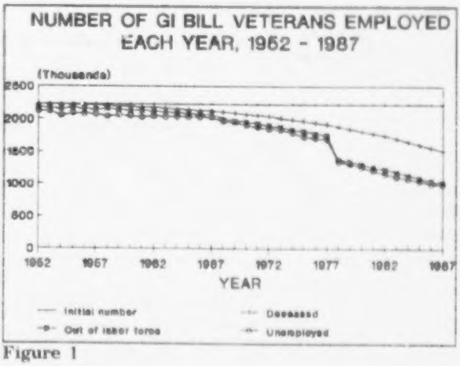

Figure 1

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[4] Veterans Administration, Office of Information Management and Statistics. "Historical Data on the Usage of Educational Benefits, 1944 - 1983." IB 70-84-2, April 1984, p. 2.

of the 1970's reflects the fact that most veterans were by that time in the 55-64 year old cohort, when the labor force parti-cipation rate for men begins to decline.

There is no data available to make a direct calculation of the added output produced by the World War II veterans who attended college or graduate school under the GI bill. For this reason, this analysis develops an indirect estimate of the additional output by calculating the income differential between GI bill college educated veterans and others in the same age cohort who did not go to college. This income differential measures the additional output generated by the GI bill investment in education.[5]

Throughout the period from 1952 to 1987, college-educated men earned substantially higher incomes than did those without a college education, as shown in Figure 2. The income differential grew annually from approximately $400 in 1952 until, by 1987, college educated men of World War II age earned an average of $19,000 more per year than did those without college educations. This differential measures the additional output produced by college-educated veterans compared to those without college educations.

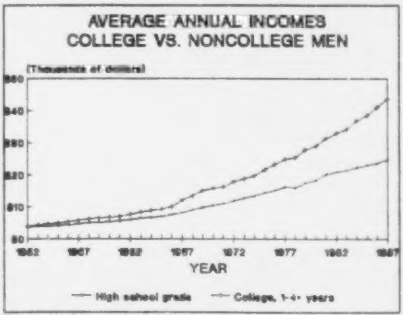

Figure 2

Based on this measure, the extra output of goods and services produced each year by GI bill veterans in nominal or current-year dollars, rises from just under $1 billion in 1952 to $10 billion by the early 1970's and to almost $19 billion by 1987, as shown in Figure 3.

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[5] In computing the additional output attributable to the college education of GI bill veterans, a number of choices had to be made concerning the best data and procedures to use. The data and the procedures used in this study are discussed in detail in the Appendix. In every instance, however, the most conservative approach possible was taken in selecting the data for this study and the estimating procedures.

Much of the growth in the value of the nation's goods and services that occurred between 1952 and 1987, however, was the result of inflation. Only the real gain, after eliminating inflation, should be counted as a benefit of the GI bill's investment in education. The gain in constant 1952 dollars, also shown in Figure 3, grew from $1 billion in 1952 to a peak of $7 billion in 1969 and declined gradually thereafter, largely due to the decline in the number of working veterans as the World War II cohort grew older.

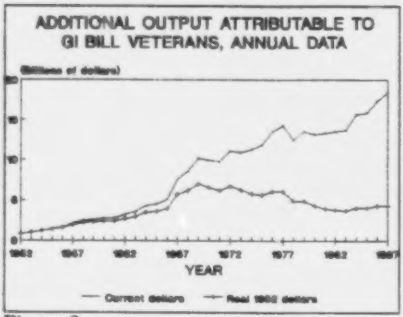

Figure 3

The total gain in the nation's output of goods and services between 1952 and 1987 resulting from the government's education spending under the GI bill -- the sum of the annual figures -- amounted to almost $312 billion in current-year dollars, as shown in Figure 4A. In constant 1952 dollars, the total gain amounted to almost $148 billion.

Although all GI bill veterans contributed to this increase in output, it is likely that at least some of the veterans who attended college or graduate school under the GI bill would have done so even without federal assistance. Counting the added output from these veterans overstates the actual gain resulting from the educational investment under the GI bill, since the benefits from the investment in their education would have occurred anyway.

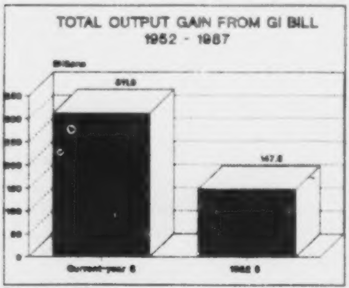

Figure 4A

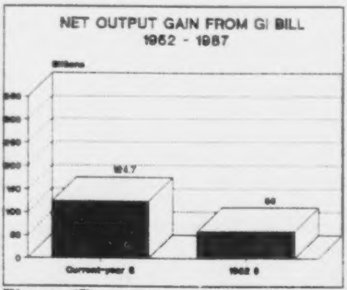

Figure 4B

There is no data to determine what fraction of the bill's beneficiaries would have attended college or graduate school had they been dependent on their own resources. In 1940, the last normal year prior to enactment of the GI bill, 9 percent of all college-age men attended college. Following World War II, 15 percent of eligible veterans attended college or graduate school under the GI bill. This suggests that 40 percent of the GI bill beneficiaries who pursued higher education did so because of the bill's financial assistance and would not have gone to college without it. Thus, this analysis will assume that 40 percent of the added output from the GI bill beneficiaries is the net gain from the bill.[6]

This net increase in output, shown in Figure 4B, was approximately $125 billion when measured in nominal or current-year dollars and $59 billion in constant 1952 dollars.

There was also a significant return to the government itself, in the form of additional taxes paid to the federal government between 1952 and 1987 by the veterans who received college educations under the GI bill. The total additional taxes paid by all GI bill veterans came to $67.7 billion in current-year dollars over this period and to $33.0 billion in constant 1952 dollars, as shown in Figure 5A. The net

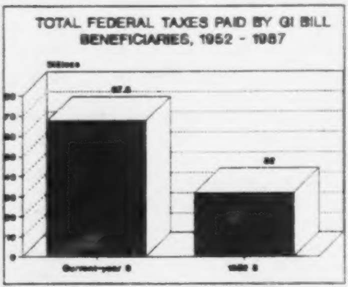

Figure 5A

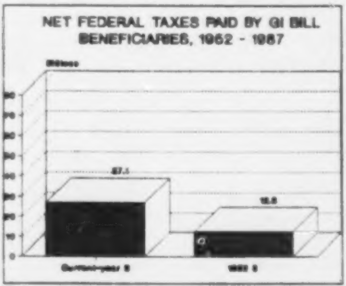

Figure 5B

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[6] This figure, however, probably represents the minimum gain from the bill, since many of the returning veterans were above the normal age for pursuing a college degree and many had wives and children. Without financial assistance, a large fraction of these veterans would probably have been compelled to find jobs. The data does not exist to determine how many veterans fell into these categories, and no adjustment will be made.

additional taxes amounted to $27.0 billion in current-year dollars and $12.8 billion in 1952 dollars, as shown in Figure 5B. All four measures indicate that GI bill veterans paid more than enough additional taxes over their working lives to pay for the total cost of the program.

BENEFIT-COST ANALYSIS

As the previous section indicates, the investment in the education of World War II veterans during the late 1940's and early 1950's paid off during the next 35 years in the form of a higher output of goods and services for the nation, with this additional output generating enough additional taxes to pay for the program.

It would not be entirely accurate, however, to compute the cost-benefit ratio for this investment by simply adding up the increased output as was done in the previous section and comparing the total to the program's cost. Such a procedure puts an equal value on an additional dollar of output regardless of when it gets produced. However, from the viewpoint of the late 1940's and early 1950's, a dollar of extra output produced far in the future would not be valued as highly as current production. To get a true valuation of the benefits of the GI bill from the vantage point of the late 1940's and early 1950's, the future benefits would have to be discounted by the long-term discount rate to determine the present value of the stream of future benefits in 1952. This analysis follows the accepted practice of calculating the present value of the benefits of the GI bill as of 1952 by discounting future benefits using a long-term real interest rate of 2.5 percent.[7]

Assuming that the benefit of the program is the entire additional output generated between 1952 and 1987 by all veterans who received college educations under the GI bill, the 1952 present value of the total benefits of the program came to $88.9 billion. This figure is then compared to the $7 billion cost of the program to compute the cost-benefit ratio. The ratio of benefits to costs is 12.5 to 1, as shown in Figure 6. For every dollar invested in college or graduate education for veterans after World War II, the nation gained more than $12.50 in benefits, properly discounted.

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[7] In calculating the benefits of the GI Bill, this study only measures material benefits, the additional output resulting from the education of GI Bill veterans. Non-material benefits, such as those resulting from having a more-educated population, would be in addition to the material benefits found by this study and would probably greatly raise the benefit-cost ratios reported here.

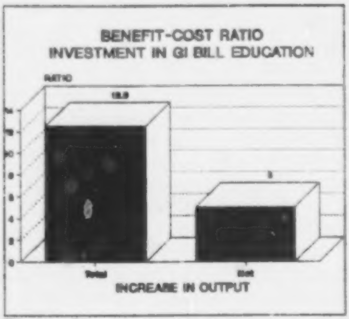

Figure 6

Under the assumption that the benefit of the program is only the additional output generated by the 40 percent of veterans who presumably would not have gone to college without the financial assistance provided by the GI bill, the 1952 present value of the net benefit came to $35.6 billion. In this case, the ratio of benefits to costs is exactly 5 to 1.

An alternative way to approach the comparison between benefits and costs is to ask how much money the government would have had to invest right after World War II at a long-term real interest rate of 2.5 percent to generate the same additional output as was generated by the $7 billion investment in college and graduate education for veterans under the GI bill.

As Figure 7 shows, the government would have had to invest $88.9 billion at a real interest rate of 2.5 percent to obtain the same total increase in output as could be attributed to the GI bill, compared to an actual investment of $7 billion. To obtain the same net increase, assuming 40 percent of veterans could not have gone to college without the GI bill, would have cost the government $35.6 billion, five times the actual investment.

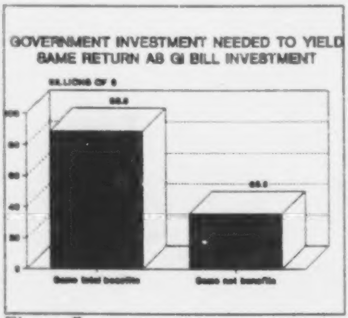

Figure 7

CONCLUSIONS

The government's investment in the education of veterans at the end of World War II had an extraordinarily large payoff for the nation.

For most forms of government investment, a project may be undertaken only if the benefits exceed the costs; that is, the ratio of benefits to costs must exceed 1 to 1. As this analysis has shown, the government's investment in education under the GI bill had an estimated ratio of benefits to costs of a minimum of 5 to 1 and as much as 12.5 to 1. If intangible benefits were taken into account, the ratio would probably be significantly higher. In addition, the additional federal income taxes paid by those who benefited from the GI bill apparently more than paid for the program.

Whether or not government investment in college education today would have precisely the same ratio of benefits to costs as resulted from the investment made under the GI bill is a question that requires further research. During the past 35 years, a number of changes have occurred in the economy that would affect the cost-benefit ratio for college education. On the one hand, the percent of Americans who have college educations has risen significantly. Taken alone, this would reduce the potential benefits of policies and programs that further increase the supply of college-trained workers. On the other hand, the pace of technological change and the skill requirements of new jobs have risen significantly when compared to the end of World War II, a factor that would raise the expected benefits from an expanded government investment in college education. Altogether, the extraordinarily high ratio of benefits to costs that this analysis found for the GI bill program suggests that college education has been, and probably remains, a highly productive form of government investment for the nation.

APPENDIX

INTRODUCTION

The purpose of this appendix is to provide details on the data and procedures used to compute the cost-benefit ratio for the government's investment in the postsecondary education of veterans under the World War II GI bill.

There is very little data that applies directly to the economic contribution of college-educated World War II veterans. Instead, almost all of the data used to compute the benefit-cost ratio had to be derived from published data that applied to populations incorporating World War II veterans but also incorporating other groups, such as men of the same age who were not veterans or who did not participate in postsecondary education or training programs under the GI bill.

In every case, however, this analysis took the most conservative approach available in selecting the necessary data where alternatives existed, under the assumption that it was better to understate the benefits than to open the analysis to criticism by using data or procedures that would overstate the possible benefits.

There were two main problems that had to be resolved. The first was to obtain data that could be used to estimate the number of GI bill beneficiaries who were actually working during each year of the study period. The second was to estimate the additional output produced by each of these veterans that could be attributed to the education they obtained under the GI bill.

SURVIVAL AND EMPLOYMENT DATA

Because 1952 was the last year in which a large number of veterans were enrolled in college under the GI bill, it was assumed for this analysis that most of those who participated in the college program had finished their studies and entered the labor market by 1952. It is likely that many veterans, particularly those who started college in 1946 or 1947, entered the labor market even earlier, while some entered later. 1952 thus represents a reasonable starting point for the analysis of the benefits of the GI bill.

1987 was chosen as the last year for the study period for two reasons. First, it is the latest year for which data were available. Second, by 1987, most veterans were at or approaching the normal retirement age. The period from 1952 to 1987 would thus represent the normal working life for most World War II veterans and the period during which the benefits of the GI bill would be realized.

Under the assumption that most World War II veterans who participated in the program were in their early 20's at the end of the war, this analysis assumed that the average age of GI bill beneficiaries in 1952 was 29. By 1987, the average veteran would thus be 64 years old. If this assumption were wrong by one or two years, the effect on the overall cost-benefit ratio would be minor, since the real output estimates for the beginning and ending years of the period were lower than for the middle years.

Out of the initial population of 2.23 million World War II veterans who attended college under the GI bill, three factors would affect the number who actually worked each year between 1952 and 1987-- their survival rate, their labor force participation rate and their unemployment rate.

No government data for these factors were available that applied specifically to World War II veterans. Alternative sources of data had to be used. These data, presented in Table A1, are described below:

1. Survival rates. The National Center for Health Statistics supplied survival rates for white males who were 29 years old in 1952 at five-year intervals beginning in 1952. The intervening years were estimated by linear interpolation. These data are presented in column 3 of Table A1.

2. Labor force participation rates. Column 4 of Table A1 presents annual civilian labor force participation rates for all men of the appropriate age group: for 1952-57, men aged 25-34; for 1958-67, men aged 35-44; for 1968-77, men aged 45-54; for 1978-87, men aged 55-64. Source: Bureau of Labor Statistics, Labor Force Statistics Derived from the Current Population Survey, 1948-87. Bulletin 2307, August 1988, Table A-10.

3. Unemployment rates. Column 5 of Table A1 presents annual civilian unemployment rates for all men of the appropriate age group, listed above. Source: BLS, op.cit., Table A-31.

Finally, column 6 in Table A1 provides the computed estimate of the number of GI bill veterans who were employed or earning incomes in each year between 1952 and 1987.

TABLE A1: SURVIVAL AND LABOR FORCE DATA

YEAR (1)	AGE OF BENEFI-CIARIES (2)	SURVIVAL RATE (3)	LABOR FORCE PARTICIP. RATE (4)	UNEMPLOYMENT RATE (5)	TOTAL EARNING INCOMES (6)
1952	29	100.0%	97.5%	2.2%	2,126,417
1953	30	99.8%	97.4%	2.2%	2,119,987
1954	31	99.6%	97.3%	4.8%	2,057,378
1955	32	99.4%	97.6%	3.3%	2,092,028
1956	33	99.2%	97.3%	3.3%	2,081,401
1957	34	99.0%	97.1%	3.3%	2,072,935
1958	35	98.7%	97.9%	5.1%	2,045,309
1959	36	98.4%	97.8%	3.7%	2,067,481
1960	37	98.2%	97.7%	3.8%	2,057,354
1961	38	97.9%	97.6%	4.6%	2,032,343
1962	39	97.6%	97.6%	3.6%	2,047,772
1963	40	97.2%	97.5%	3.5%	2,038,564
1964	41	96.7%	97.3%	2.9%	2,037,761
1965	42	96.3%	97.3%	2.5%	2,036,847
1966	43	95.8%	97.2%	2.0%	2,035,842
1967	44	95.4%	97.3%	1.7%	2,034,790
1968	45	94.7%	94.9%	1.6%	1,971,625
1969	46	94.0%	94.6%	1.5%	1,952,429
1970	47	93.2%	94.3%	2.4%	1,913,677
1971	48	92.5%	93.9%	3.0%	1,879,221
1972	49	91.8%	93.2%	2.6%	1,858,328
1973	50	90.7%	93.0%	2.1%	1,841,932
1974	51	89.6%	92.2%	2.4%	1,798,819
1975	52	88.6%	92.1%	4.8%	1,731,566
1976	53	87.5%	91.6%	4.0%	1,715,459
1977	54	86.4%	91.1%	3.2%	1,699,074
1978	55	84.8%	73.3%	2.8%	1,347,956
1979	56	83.3%	72.8%	2.7%	1,315,497
1980	57	81.7%	72.1%	3.4%	1,269,245
1981	58	80.2%	70.6%	3.6%	1,216,590
1982	59	78.6%	70.2%	5.5%	1,162,777
1983	60	76.5%	69.4%	6.1%	1,112,291
1984	61	74.5%	68.5%	5.0%	1,080,833
1985	62	72.4%	67.9%	4.3%	1,049,410
1986	63	70.4%	67.3%	4.3%	1,010,550
1987	64	68.3%	67.6%	3.7%	991,513

INCOME DIFFERENTIAL

A major task of the analysis was to develop data on the additional output attributable to the government's investment in veterans' education under the GI bill. There is no direct way, given available data, of measuring the increase in the output of goods and services by GI bill veterans resulting from the fact that they were more highly-educated than they would have been without the financial assistance provided by the GI bill.

Instead, this analysis estimated the additional output indirectly from income data. These estimates are based on the assumption that each factor of production in a market economy is paid the value of its marginal product. To the extent that college-educated veterans were found to have higher incomes than men of the same age without college educations, the income differential is assumed to measure the increase in output attributable to their higher level of education.

The data used to estimate the difference in income between college-educate veterans and those without college educations are presented in Table A2 for the years 1952 - 1987.

All income data were obtained from the Census Bureau's Current Population Reports, Consumer Incomes, Series P-60, various issues identified below.

The income data reported in the Series P-60 releases became progressively more detailed over the years. For each year, the data used for this analysis were the closest available measure of the total money incomes of college-educated World War II veterans and non-college educated men of the same cohort. The specific data used are as follows for each year:

1. 1956. Median income, all males, by years of school completed, from Table 20 of Series P-60, No. 25.

2. 1958 and 1961. Median income, all males 25 years and over, by years of school completed. For 1958, the data are from Table 26, Series P-60, No. 33. For 1961, the data are from Table 27, Series P-60, No. 39.

3. 1963 - 1966. Median income, all males aged 35 - 44 years old, by years of school completed. For 1963, the data are from Table 22, Series P-60, No. 43. For 1964 - 1966, the data are from Table 21, Series P-60, Nos. 47, 51, and 53.

4. 1967. Mean income, all males aged 35 - 44 years old, by years of school completed. The data are from Table 4, Series P-60, No. 60.

TABLE A2: INCOME DATA

YEAR (1)	AGE OF BENEFI- CIARIES (2)	MEAN INCOME HIGH SCHOOL GRADUATES (3)	MEAN INCOME 1 - 4+ YEARS OF COLLEGE (4)	COLLEGE INCOME DIFFERENTIAL (5)
1952	29	$3,600	$4,000	$400
1953	30	3,800	4,300	500
1954	31	4,000	4,600	600
1955	32	4,200	4,900	700
1956	33	4,413	5,218	805
1957	34	4,703	5,723	1,021
1958	35	4,992	6,228	1,236
1959	36	5,179	6,470	1,291
1960	37	5,365	6,712	1,347
1961	38	5,552	6,954	1,402
1962	39	6,043	7,630	1,587
1963	40	6,534	8,305	1,771
1964	41	6,716	8,859	2,143
1965	42	7,040	9,283	2,243
1966	43	7,521	10,062	2,541
1967	44	8,197	11,980	3,783
1968	45	9,106	13,488	4,382
1969	46	9,729	14,995	5,266
1970	47	10,410	15,678	5,268
1971	48	10,967	16,262	5,295
1972	49	11,774	17,831	6,057
1973	50	12,707	18,733	6,026
1974	51	13,346	19,745	6,399
1975	52	14,486	21,479	6,993
1976	53	15,133	23,213	8,080
1977	54	16,235	24,818	8,583
1978	55	15,976	25,399	9,423
1979	56	17,448	27,926	10,478
1980	57	18,355	29,029	10,674
1981	58	20,139	31,439	11,300
1982	59	20,964	33,039	12,075
1983	60	21,401	34,084	12,683
1984	61	22,244	36,983	14,739
1985	62	23,027	38,455	15,428
1986	63	23,564	41,092	17,528
1987	64	24,692	43,692	19,000

5. 1968 - 1977. Mean income, all males aged 45 - 54 years old, by years of school completed. For 1972, the data are from Table 51, Series P-60, No. 90. For 1973 and 1974, the data are from Table 58, Series P-60, Nos. 97 and 101. For 1975, 1976, and 1977, the data are from Table 47, Series P-60, Nos. 105, 114 and 118. For 1968 through 1971, the data were supplied by phone by the Census Bureau.

6. 1978 - 1986. Mean income, all males aged 55 - 64 years old, by years of school completed. For 1978, the data are from Table 50, Series P-60, No. 123. For 1979, the data are from Table 52, Series P-60, No. 129. For 1980, the data are from Table 51, Series P-60, No. 132. For 1981, 1982 and 1983, the data are from Table 47, Series P-60, Nos. 137, 142 and 146. For 1984, the data are from Table 33, Series P-60, No. 151. For 1985 and 1986, the data are from Table 35, Series P-60, Nos. 156 and 159.

7. Other years. In 1952-55, 1957, 1959-60, and 1962, the Census Bureau did not publish data on income by educational level. For these years, the data were estimated by interpolating or extrapolating from data for other years. At the time this analysis was prepared, the final data for 1987 had not been released and the figures were also estimated.

For all years, the measure of income used for college-educated men was the income for all men who had attended college for 1 to 4 or more years. For those without a college education, the income measure was the income for all men who had graduated from high school. This assumes that GI bill veterans did not all complete four years of college, but that the proportion who completed 1, 2, 3, 4 or more years was the same as for all men in the same cohort. This income comparison is shown in Figure 1 of the text of the analysis and in Table A2. These choices resulted in the minimum income differential between those with and without college educations. If some other comparison were used, such as (1) the mean income of men with 1-4+ years of college versus men with 1-4 years of high school or (2) college graduates versus high school graduates, the earnings differential between college and non-college educated men would be about one-third larger than reported here as would the resulting cost-benefit ratios.

TOTAL BENEFITS

The additional income received each year by GI bill beneficiaries is presented in column 2 of Table A3. The figure for each year is the product of the number of working veterans (column 6 of Table A1) and the additional income earned by each college-educated veteran (column 5 of Table A2). These figures are in nominal or current-year dollars.

TABLE A3: TOTAL BENEFITS DATA

YEAR	TOTAL INCOME DIFFERENTIAL ATTRIBUTABLE TO GI BILL (Current dollars)	(1952 dollars)
(1)	(2)	(3)
1952	$850,566,600	$850,566,600
1953	$1,059,993,544	$1,038,062,644
1954	$1,234,426,512	$1,204,732,403
1955	$1,464,419,756	$1,409,814,274
1956	$1,675,528,155	$1,580,896,997
1957	$2,115,430,544	$1,938,007,337
1958	$2,528,001,834	$2,272,001,648
1959	$2,669,807,641	$2,347,446,966
1960	$2,770,570,202	$2,391,616,830
1961	$2,849,344,952	$2,430,071,971
1962	$3,248,789,768	$2,721,699,983
1963	$3,610,296,409	$2,980,593,547
1964	$4,366,921,571	$3,543,444,932
1965	$4,568,647,746	$3,644,651,573
1966	$5,173,073,795	$4,003,141,574
1967	$7,697,610,592	$5,814,152,681
1968	$8,639,662,875	$6,243,420,500
1969	$10,281,490,837	$7,121,813,165
1970	$10,081,250,461	$6,673,834,804
1971	$9,950,474,203	$6,293,841,144
1972	$11,255,893,808	$6,845,125,999
1973	$11,099,481,005	$6,355,347,995
1974	$11,510,642,343	$5,965,369,390
1975	$12,108,841,033	$5,808,971,036
1976	$13,860,908,764	$6,288,335,605
1977	$14,583,153,675	$6,209,318,806
1978	$12,701,790,741	$5,038,140,462
1979	$13,783,775,570	$5,005,872,458
1980	$13,547,925,837	$4,442,968,750
1981	$13,747,469,031	$4,127,147,151
1982	$14,040,528,945	$3,987,510,220
1983	$14,107,185,469	$3,848,646,180
1984	$15,930,401,684	$4,185,230,415
1985	$16,190,293,649	$4,120,110,570
1986	$17,712,915,890	$4,401,109,460
1987	$18,838,752,945	$4,477,159,696
TOTAL	$311,856,268,388	$147,610,175,766

To exclude the income growth that occurred solely as the result of inflation, the annual figures in column 2 were deflated to 1952 dollars using the Personal Consumption Deflator from the National Income and Product Accounts. The resulting real gains are presented in column 3 of Table A3.

In addition to factors discussed above, the figures in Table A3 should probably be interpreted as the minimum annual gains from the government's GI bill education spending, for two reasons. First, to the extent that the value of marginal product curve for each resource is downward-sloping, the shift of 2.2 million men from the non-college to college-educated labor pool would reduce the market wage for college-educated men and raise the market wage for those without college educations, everything else being equal. Second, it is likely that the investment in education of World War II veterans had spillover effects that raised the productivity even of workers who never attended college, thus raising their wages as well. Both effects would boost the observed wages of non-college educated men relative to college educated men, and thus understate the income differential resulting from the investment in education made under the GI bill.

This analysis also derived estimates of the additional personal income taxes paid to the Federal government out of the additional income received by veterans who obtained postsecondary educations under the GI bill. These figures are presented in Table A4. In computing the additional taxes, it was assumed that all of the additional income received by college-educated veterans was taxable, since this was a net income gain above what they would have earned with only a high-school education. Rather than estimate marginal tax rates for each year based on arbitrary assumptions concerning exemptions, deductions and exclusions, it was decided to simply apply average tax rates for each year since the average rate should be below the marginal rate. The average rates were obtained from Joseph Pechman, Federal Tax Policy, Fifth Edition (Brookings Institution, 1987), Table B-5, "Personal Income, Taxable Income and Individual Income Tax, 1947-84," with the 1984 tax rate assumed to apply to 1985-87. No attempt was made to estimate other taxes paid the Federal government or taxes paid State and local governments.

The figures for the net additional income and federal taxes were obtained by multiplying the data in Tables A3 and A4 by a factor of 0.4, for reasons discussed in the text of the analysis.

COST-BENEFIT ANALYSIS

For the benefit-cost analysis, the only major data decision concerned the appropriate discount rate. It was decided to use 2.5 percent, which is at the high end

TABLE A4: FEDERAL INCOME TAX DATA

		TOTAL FEDERAL INCOME TAXES ATTRIBUTABLE TO GI BILL	
YEAR	PCT. OF TAXABLE INCOME	(Current dollars)	(1952 dollars)
(1)	(2)	(3)	(4)
1952	25.9%	$220,296,749	$220,296,749
1953	25.7%	$272,418,341	$266,782,099
1954	23.2%	$286,386,951	$279,497,918
1955	23.1%	$338,280,964	$325,667,097
1956	23.1%	$387,047,004	$365,187,206
1957	23.0%	$486,549,025	$445,741,688
1958	23.0%	$581,440,422	$522,560,379
1959	23.2%	$619,395,373	$544,607,696
1960	23.0%	$637,231,146	$550,071,871
1961	23.2%	$661,048,029	$563,776,697
1962	23.0%	$747,221,647	$625,990,996
1963	23.1%	$833,978,471	$688,517,109
1964	20.5%	$895,218,922	$726,406,211
1965	19.4%	$886,317,663	$707,062,405
1966	19.6%	$1,013,922,464	$784,615,749
1967	20.0%	$1,539,522,118	$1,162,830,536
1968	21.7%	$1,874,806,844	$1,354,822,249
1969	22.3%	$2,292,772,457	$1,588,164,336
1970	20.9%	$2,106,981,346	$1,394,831,474
1971	20.6%	$2,049,797,686	$1,296,531,276
1972	20.9%	$2,352,481,806	$1,430,631,334
1973	21.1%	$2,341,990,492	$1,340,978,427
1974	21.6%	$2,486,298,746	$1,288,519,788
1975	20.9%	$2,530,747,776	$1,214,074,947
1976	21.0%	$2,910,790,840	$1,320,550,477
1977	21.8%	$3,179,127,501	$1,353,631,500
1978	22.3%	$2,832,499,335	$1,123,505,323
1979	23.2%	$3,197,835,932	$1,161,362,410
1980	24.0%	$3,251,502,201	$1,066,312,500
1981	24.3%	$3,340,634,974	$1,002,896,758
1982	22.6%	$3,173,159,542	$901,177,310
1983	21.1%	$2,976,616,134	$812,064,344
1984	20.9%	$3,329,453,952	$874,713,157
1985	20.9%	$3,383,771,373	$861,103,109
1986	20.9%	$3,701,999,421	$919,831,877
1987	20.9%	$3,937,299,366	$935,726,376
TOTAL		$67,656,843,012	$32,021,041,378

of the range of ex post real interest rates for the period from 1952 to 1987. This real interest rate was then used to discount the stream of benefits to a 1952 present value figure, which was then compared to the program cost to obtain the cost-benefit ratios presented in the text of the analysis.

Representative **Scheuer**. I want to thank all of you people for having provided us with a marvelously stimulating and thoughtful panel. We're all grateful to you. And I only wish that my 434 colleagues were here to listen to you, as well. Thank you very much.

Ms. **Kagan**. Thank you.

Ms. **Waddell**. Thank you.

Representative **Scheuer**. The subcommittee is adjourned.

[Whereupon, at 12:50 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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30-640 (120)